

UNIVERSITY OF TARTU
Pärnu College
Department of Tourism Studies

Triin Veideman

**INTERNAL COMMUNICATION IN A SPA FRANCHISING
RELATIONSHIP: THE CASE OF ESPA INTERNATIONAL**

Master`s Thesis

Supervisor: Heli Tooman, PhD

Pärnu 2014

TABLE OF CONTENTS

Introduction	3
1 Internal communication in a spa franchising relationship	8
1.1 Overview of spa franchising industry.....	8
1.2 Importance of employees in a high contact service brand.....	16
1.3 Internal communication in a spa franchising relationship	21
2 Research of internal communication in a spa franchising relationship	29
2.1 Overview of enterprises researched	29
2.2 Research method, sampling and procedures.....	32
2.3 Analysis of in-depth interviews	36
2.3.1 Identification	36
2.3.2 Employees role and satisfaction.....	39
2.3.3 Training and development	41
2.3.4 Support and communication	42
2.3.5 Difficulties occurring during performance	46
2.4 Discussion and recommendations	47
2.4.1 Vihula Manor eco-spa employees as ESPA spa brand ambassadors	48
2.4.2 Vihula Manor eco-spa employees training and development.....	53
2.4.3 Internal communication between Vihula Manor eco-spa and ESPA International	54
Conclusion	60
References	67
Appendices.....	76
Appendix 1. In-depth interview questions to Vihula Manor eco- spa employees.....	76
Appendix 2. In-depth interview questions to Kämp Sap Helsinki assistant spa manager	79
Appendix 3. In-depth interview questions to Senior Associate in spa operations in ESPA International.....	80
Resümee.....	81

INTRODUCTION

Busy work schedules, high stress levels, and a growing focus on one's health and well-being are prompting more people to spas for regular massages and treatments. When people are engulfed by competitions and pressure in their daily life, spas to them become refuges and havens where they can get relaxed and refreshed physically and mentally. Those spa consumers know what spa is and only a quality and value spa experience can satisfy them and persuade them to come back and spend more. (Chun-Man Cheung 2011) Competitive pressures force organizations to find ways to reduce their costs and improve their products and services (Hodari et. al., 2014). Spa owners and managers are therefore looking for specialist firms that have the knowledge and experience with spa operations. Those with portfolio full of successful spa businesses will share their knowhow and expertise to those who are willing to pay for it. Year 2011 was a breakthrough for global spa franchise expansion and spanking-new spa brand models (SpaFinder 2011). In a year 2014 spa franchising is still a strong and ongoing trend where many new spa franchise models serve up branded, replicable design, treatments and offerings, to meet many people's desire for comfortably knowable and consistent spa experiences (SpaFinder 2014). The sector tends to be dispersed worldwide, even though it continues to be closely associated with the US health market where it developed and consolidated its current conceptual state. On the international level, Europe also currently ranks as a preferred and growing destination for spa services. (Gustavo 2010) One of the best known European spa franchise system spread around the world is named ESPA International. Spa brand ESPA can be credited as first to un-riddle how to make the spa brand equation work globally (SpaFinder 2011). There are over 350 spas in 55 countries and over 3,500 highly trained therapists administering over 3 million treatments a year. It is this combination of expertise and rich spa heritage that creates a unique brand that has won over 125 coveted awards in the last 3 years.

(ESPA 2014) These statistics make ESPA perfect example to study how they are managing to keep their strong brand equity in all of their spa around the world.

Common definitions of franchising state that a franchisor provides know-how, trademarks, business support, training and development, and often trading area exclusivity in return for royalties (ongoing fees), other payments and/or compliance to rules and standards to the franchisee (Wright & Frazer 2007). Successful franchisors do not just sell products and services. They perfect a business system and then sell the know-how and benefits of the business system to prospective franchisees and subsequently to customers. (Paswan & Wittmann 2009) One of the keys to franchise system success seems to be managing (e.g., developing, perfecting, disseminating, and improving) an intangible resource knowledge, both within and across organizations (Paswan & Wittmann 2009). Open and transparent communication at the pre and post stages of the partnership is important to facilitate learning between franchisors and franchisees, offer franchisees a clear sense of direction, enhance relationships, and prevent conflict (Altinay et al. 2013). The communication between the franchisor and franchisee sets brand standards and expectations, defines procedures and outlines how the promise of the franchise concept is going to be consistently delivered. If this communication system is poorly conceived or executed, the franchise system will quickly break down and the business will fail. (Letwin 2011) As ambassadors of the brand, franchisees should live the brand and strive to communicate positive aspects of the brand to consumers. As a result, a good relationship between the franchisee and franchise brand was regarded as fundamental in safeguarding brand identity. (Nyadzayo et. al., 2011)

A services brand is essentially a promise about the nature of a future experience with an organization or individual service provider. This labor-intensive service can only be as good as the people performing the service. (Leonard & Kent 2007) Within the hospitality industry, where the final product is co-created by both customers and employees, the role of the employee is emphasized as a conduit in the establishment of customer brand relationships (Xionga et.al., 2013). This is especially true for spa and wellness business as it is a high contact service industry. Sales and marketing team can do an excellent work promoting a spa menu offered for clients or skincare products used

during a spa treatment but it all comes down to the employee who delivers the actual service to the customer. The service starts from the moment the client steps into the spa until the spa door is closed again. Therefore spa franchising companies have to make sure that all of their franchisees have a deep and clear understanding of the brand. If even one franchisee does not have a firm grasp of the franchise concept that defines the brand, the entire network is at risk (Letwin 2011).

Communication plays a major role in internal brand building because it disseminates information about the brand identity to employees (Borca & Baesu 2014). Creating a strong internal brand can increase employee identification with and trust of the organization, enhance employees' ability to speak positively about the organization with external stakeholders, and increase the likelihood of employees living the brand (Leah et al., 2014). While measuring internal communication, the emphasis should be on employee-centric approach rather than only management centric as it usually tends to be. As stated by Ruck & Welch (2012) managers have long recognised the importance of internal communication. However, it is seen from the perspective of management rather than the employee, minimal attention has been given to what employees would like their organisation to communicate.

Establishing an efficient and effective internal communication is not an easy process (Borca & Baesu 2014). Therefore franchisors may often deceive themselves with an understanding that they have succeeded in creating a sustainable relationship with their franchisees. The fact that franchisors believe they are communicating more clearly than they really are is a reason for concern, as it means there will likely be a future breakdown in communication. As a result, this increases the chances of future problems in the franchise relationship. (IFA Franchise Relations Committee, 2014) To avoid that surprise of finding out that internal communication tools are not working, franchisors need to evaluate their effectiveness systematically and make improvements in case there is a need.

Based on previous statements there is research question raised: How does a franchisor ensure an effective communication with the franchisee?

The aim of this study is to analyse internal communication employed by spa franchisor, assesses its effectiveness from franchisee's perspective, develop an internal communication structure between franchisor and franchisee based on Vihula Manor Eco-spa and ESPA International and propose some initiatives to conduct more effective communication tools in a franchising relationship.

Examining employees feelings towards the brand they work for will give a better understanding how internal communication approach implemented by franchisor is serving its purpose. As employees may say one thing, but examining the main areas that reflect the effectiveness of internal communication from employees perspective will give a true understanding if it is really working. In a spa business, the employees must have deep and clear understanding of the brand, only then can they deliver the true meaning to the customers. This will be accomplished through an effective internal communication between franchisor and franchisee. Exploring franchisor representative, together with franchisees' management and employees, will help to sentence the important factors that determine an effective internal communication in a franchising relationship from every stakeholder's perspective, without neglecting any valuable information that may benefit the outcome of the research.

In order to fulfill the aim of this study the review and analyse of theoretical literature will be given. The first chapter provides an overview of the current situation in spa franchising industry, with special emphasis on different elements of franchising. In the second chapter the focus is on employees importance in delivering high contact services like spa treatments. This will give an understanding of how valuable effective internal communication is in a spa franchising relationship, which will be discussed in the third chapter of the theoretical literature.

Qualitative analysis is used for a research method and in-depth interviews are conducted to gather information about stakeholders opinions and experiences related to internal communication between spa franchisors and franchisees to help explain why and how things are happening. Discussion of findings will help to understand the employees perspective on what tools are working best between spa franchisors and franchisees, an internal communication structure in a franchising relationship will be developed and

suggestions provided will help to improve internal communication between stakeholders and therefore benefit the business.

The Master`s thesis includes theory and a content analysis. This paper has an introduction, main body with two chapters, conclusion, 83 references, three appendices and a summary (*resümee*). Theory is illustrated with one table and the research section with one table and one figure created by the author.

The author of this work would like to thank her supervisor, Heli Tooman, PhD, for her guidance and support.

1 INTERNAL COMMUNICATION IN A SPA FRANCHISING RELATIONSHIP

1.1 Overview of spa franchising industry

The concept of spa is understood as a profit for a customer trying to achieve health state of the body using water procedures, equipment and consultations of spas staff (Sekliuckiene & Langviniene 2009). When people are engulfed by competitions and pressure in their daily life, spas to them become refuges and havens where they can get relaxed and refreshed physically and mentally. Those spa consumers know what spa is and only a quality and value spa experience can satisfy them and persuade them to come back and spend more. (Chun-Man Cheung 2011) Present in many resorts, hotels, health clubs, and beauty salons, spas combine the world of the aesthetic treatments with various relaxation techniques and products with elements that follow: the active principles extracted from the sea, rich in minerals, but also other elements of nature, like flowers, plants, or fruits. From a gentle facemask to an invigorating or soothing massage, the main objective is to achieve physical and spiritual harmony. (Loureiro, Almeida & Rita 2013)

Spa brands have existed since Elizabeth Arden opened her second “Red Door” a century ago (SpaFinder, 2011). Celebrating 100 years of beauty expertise in 2010, the renowned Red Door Spa is the leader in the day spa industry. The iconic red door has welcomed guests since day spa pioneer, Elizabeth Arden, opened her first spa location in 1910 and today remains a symbol of beauty around the world. (Reddoor Spa, 2014)

Polly Johnson (2005), CEO of SpaEquip, Inc. stated in her article that spa branding buzz began with the boom in spa popularity as hotel and resort developers struggled to meet the expectations of increasingly spa-savvy consumers. In response, hotel and

resort corporations began developing in-house brands that assured spa goers a consistency of quality in all of their spas. Followed by that, franchising deals are something spa business owners and investors are looking for when entering the market or searching for new boost for their already existing business. Proof do that, in Spa & Wellness Summit 2014 held in London, a whole panel was dedicated to spa franchising issues getting insight of the pros and cons of outsourcing a spa management company with the best industry leaders sharing their experiences.

Common definitions of franchising state that a franchisor provides know-how, trademarks, business support, training and development, and often trading area exclusivity in return for royalties (ongoing fees), other payments or compliance to rules and standards to the franchisee (Wright & Frazer 2007). Franchises are typically governed by lengthy and detailed agreements (Clarkina & Swaleyb 2006). Successful franchisors do not just sell products and services. They perfect a business system and then sell the know-how and benefits of the business system to prospective franchisees and subsequently to customers. (Paswan & Wittmann 2009) The philosophy behind outsourcing an activity is not only cost reduction but, more importantly, acquiring higher quality of performance. This supports the notion that the desired outsourcing of activities is determined by the value they generate for the firm. (Espino-Rodriguez & Padron-Robaina 2005)

While research concerning spa franchising is very limited, parallel understanding can be drawn from other related research settings, mostly based on tourism and hotel business. O'Neill & Carlbackb (2011) state that hotel affiliations bring a package of useful tools for any aspiring business operator in the hotel industry. The large operations develop and maintain central reservations systems, yield/revenue management programs, cumulative purchasing power, loyalty programs, global distribution systems, brand awareness, and sales and marketing activities that independent business operators may not be able to match. Baytok, Soybal & Zorlu (2013) revealed in their study that the most significant benefits of outsourcing in thermal hotels are increase in service quality, focusing more on core competencies, realization of risk reduction purpose, reducing costs, and specializing in their areas of business. On the other side, it is concluded that primary outcomes such as increasing customer satisfaction throughout the business,

increasing quality and variety of rendered services, more efficient utilization of staff, saving time for management and focusing of management more on core competencies are achieved through outsourcing. Once the franchisees buy the franchise idea, its business plans, they receive training, operating manuals, marketing plans, and procedures in written or electronic form (explicit–procedural). Franchisees also receive training on how to implement the business plan and run the operation on a daily basis. The final stage of this process would be a well-run franchise unit with well-trained personnel and well-defined procedures. (Paswan & Wittmann 2009)

Outsourcing can take on many forms, and within the spa industry numerous alternative arrangements between hotel owners, management companies and spa organizations exist. One context where the issues of outsourcing and boundary spanning are highly salient is within the luxury hotel industry, and specifically the decisions many hotels make on whether to manage their own spa or outsource it to a specialist third-party. (Hodari, Waldthausen & Sturman 2014) While analysing global hotel branding Whitla and others (2007) suggested that there are clear advantages to be gained from the use of a common brand name worldwide, primarily to overcome the intangibility of service products. A global brand allows for consumer recognition worldwide and assurance regarding the range and quality of services that the hotel provides. Global branding also facilitates the development of a uniform image which can be supported by promotional activity of a relatively standard nature. The targeting of global travelers, and the development of a common image, are also facilitated by standard positioning and pricing strategies.

The reality within the spa industry is that there remains a shortage of qualified spa management professionals who also understand fundamental business and hospitality practices required for success in a hotel or resort spa setting. Additionally, there is a learning curve for hotel, resort and asset management teams as it pertains to fully realizing the revenue and brand building potential of their spa programs. Third party spa operators have emerged as an attractive option to bridge this experience gap and bypass what can be a steep and costly learning curve. National or international spa management companies with expertise in particular segments can offer sophisticated and extensive support services via regional directors and corporate support teams and the technical

expertise garnered from developing and operating multiple operations. Meanwhile, local spa operators would offer an in-depth knowledge of the local business environment and a fee structure more appropriate for smaller spa programs, for example, those featuring only three or four treatment rooms. In either case, the proposed spa brand, service platform and design scheme should be consistent and complementary to that of the hotel. (Fenard 2014)

The success in a spa franchising business comes much more easily with a standardised, centralised and systematic training strategy in place. Anything less means increased operating costs, staff retention problems, lack of integrity and consistency and the inability to react appropriately to training shortfalls. That translates to reduced profit, operational challenges and deficiencies, and probably disappointed guests and bad press. (Matthews & Wells 2008)

Elaine Fenard, Partner & Chief Operating Officer, Europe and U.S., Spatality (2014) states that threats in franchising include a spa program's scalability in design and execution, brand relevancy and flexibility across cultures and host hotel environments as well as flexibility in business terms to include franchise agreements, brand dilution and inconsistent service levels with the potential of damaging the equity of the hotel brand. In their role between hotel and spa companies, spa managers are responsible for trying to satisfy the hotel and spa companies' often contradictory expectations while also often adhering to two sets of operating guidelines. As a result, they can experience higher levels of stress associated with their role due to the increased task interdependence, boundary spanning and organizational implications of outsourcing. (Hodari, Waldthausen & Sturman 2014) The key to optimum success in each spa franchise case is having the right systems and human resources in place to facilitate remote management while still ensuring accountability in individual outlets. Regardless of whether each outlet is an exact replica of the next or if each one is unique, systems are the foundation and they belong in each aspect of the business. That means systems and reporting mechanisms are required in finance, operations, training, purchasing, sales and marketing, human resources and whatever other departments may exist. Every type of chain operation faces its own peculiar issues, so while the need for systems and

structure may be common, the systems and structure each one uses will be very different. (Matthews & Wells 2008)

No-one has yet estimated the value or volume of the crossover business, ie, people who are introduced to the industry via a franchise and go on to become customers of full-service spas and vice versa. There's a need for these numbers to be established now and more importantly, to be tracked given the rapid growth being experienced. (Terry 2014)

In the US, the sheer scale of the franchises means the quality of provision reflects on the industry as a whole. Commentators of other businesses highlight problems when franchisees cut corners to make savings and when brand standards slip. Franchisors obviously want to maintain quality because, if done well, this complex and complicated business reaps great financial rewards. Therefore Terry (2014) raises the question, what are they doing to monitor and protect their brand values in order to retain the integrity of their business? This topic was already discussed in a year 2011 by delegates at at Global Spa Summit 2011, who highlighted their methods of retaining control and ensuring franchisees are upkeeping the brand and maintaining standards. They also revealed their biggest difficulties during a franchising relationship. In order to get a compact overview of what were the main issues addressed, the author of this Master's thesis has gathered the information from the summit into a table where delegates name, profession, franchisor's support offered and biggest challenges faced are brought out (see Table 1).

Table 1. Global Spa Summit 2011's panel session highlighting franchising as a new model for spa businesses (Hudson 2011).

	Support offered	Biggest Challenge
JENI GARRETT, Founder and CEO, Woodhouse Day Spas, US.	Ongoing training with weekly webinars and a resource library. Detailed financial reporting, helping franchisees with their budgeting on an annual basis. An online support village where franchisees blog with each other. Eight marketing promotions a year with tools do deliver this. Franchisees do their own recruiting, they are provided with tools and resources for this. There is a very fixed policy and procedure manual and all staff are well trained and drilled to stick to protocols.	A decentralised system and dealing with many personalities. Franchisor has to make sure that the brand is protected by clearly communicating the vision and making sure this is properly understood.
RANDAL EASTMAN, Vice president, Dragonfly Therapeutic Retreats, China.	Maintenance of the IT system, marketing support, graphic design CAD for renovations, recruitment, staff training, benchmarking, management coaching, quality control. Franchisees are responsible for recruiting.	Maintaining the consistency of the spa experience, as sometimes franchisees want more independence. Tools used to maintain standards: daily sales reports, weekly staff meetings with managers, weekly visits to all shops, mystery shopping reports and customer feedback forms.
CG FUNK, Vp industry relations and product development, Massage Envy, US.	Support systems through corporate departments and regional developers. Ongoing training relating to operations, marketing, therapist and service development are available through field training and a proprietary internal learning management systems. All franchisees receive a week of franchise training at the corporate headquarters before opening. The continued growth and expansion is due to having a solid business plan, effective support and training programmes, creative marketing, service and system innovation and structured auditing procedures.	Ensuring consistency with services and consumer experiences. Massage therapists and aestheticians may have their own unique way of providing massage and facial modalities which might be contrary internal policies, procedures and protocols.

There are various opportunities to apply expert knowledge into a spa management through franchising relationships, regardless if it is a hotel operator or an independent spa facility trying to achieve better financial outcomes. If a spa business model has been successful, it is likely that the same concept will be applied to following projects both domestically and internationally. Matthews & Wells (2008) brought out two main types of spa chain operators:

- A spa chain operated by a spa management company. This is where a third party organisation operates multiple spas for one or more host hotels, resorts or properties. The spas may operate under the management company brand, the host business brand or even a neutral brand.
- A spa chain operated by a hotel group. This is where a hotel group creates and operates spas under its own brand. Usually, the hotel group will form a separate spa division to oversee the operations.

Besides ESPA International, there are other well known spa operators managing spa businesses in Estonia. It is appropriate to give an insight of those in order to get a better picture of the international spa business` current situation in Estonia.

Founded in 1995 with a mission to promote responsible practices in top hospitality, Six Senses spas remain at the forefront of innovation in this global lifestyle sector. With commitment to sustainable development, inspired design and empathic service delivery, Six Senses continues to create inspiring experiences and strong guest loyalty as they expand the portfolio to unique places of outstanding beauty. At Six Senses they value the owners and partners, and take great pride in the strength of relationships. Every unit in their portfolio is special and distinctive, they therefore carefully conceptualize and adopt a customized approach in order for it to develop an individual personality. In doing so, Six Senses provides multiple avenues for ongoing and reciprocal communication. With dedicated team support, focused marketing with dynamic sales and distribution systems, they commit to provide the resources needed to launch the project and ensure that it is positioned effectively in its niche so as to achieve market leadership. Six Senses spas in Europe are represented in France, Greece, Portugal, Switzerland and United Kingdom. From across the Globe they can be found in China, India, Maldives, Thailand, Egypt, Kuwait, Qatar etc. (Six Senses 2014)

With over 200 spa projects worldwide and over 50 years experience in the spa, beauty, fitness and wellness industries, Steiner Spa Consulting has become synonymous with its client-centric business model, high quality bespoke products and spa services, commitment to excellent service and maintaining profitability. Steiner Spa Consulting is affiliated with a portfolio of spas and professional skincare brands that focus on enhancing well being through spa, salon, wellness services and skincare programs. Steiner Spa Consulting has access to premium and luxury products, as well as carefully choreographed spa menus, training and service strategies and a wealth of knowledge from a history of spa operations that have been developed over the last fifty years. Steiner Spa Consulting is making this knowledge available to spa developers who realize the importance of having a spa, but need help in specific areas such as training, purchasing, design, hiring, planning, budgeting, legalities and any facet of spa operations. With documented best practices, proven operational systems, financial templates, and an international team of experts, Steiner Spa Consulting builds spas to last and more importantly, to succeed. At a time when spas are under greater pressure to be competitive, sustainable and profitable, Steiner provides solutions based on a wealth of international experience. Having professional relationships with hotels and spas all over the world, Steiner's services are always tailored for the community. Mandara, Elemis, Bliss, Chavana, Remede and hotel-branded Steiner operated day and resort spas can be found all over the world. (Steiner Spa Consulting 2014) Steiner product brands include Elemis skin and body care, La Thérapie medi-spa skincare, Jou Chinese Herbs and Steiner Hair Care. These are distributed through Steiner operated resorts and spas-at-sea. Elemis is also distributed to over 1000 third party spas and retail outlets all over the world (Mandara Spa 2014) including Estonia with telegraaf Hotel Spa and City Spa, both located in Tallinn's city centre.

Other international spa franchise in Estonia is Pürovel Spa & Sport in the premises of Swissotel Tallinn. The Pürovel brand aims to combine a restorative spa experience with sports and exercise. The signature treatment experiences are loosely based on the four seasons with each one incorporating four different stages: spring (prepare), summer (perform), autumn (enjoy) and winter (hibernate). The first Pürovel site opened in Bern in 2009 (Walker 2011), in Estonia it was established in the beginning of 2011.

Hilton Tallinn, Hilton Worldwide's first property to be announced in the Baltic States, is expected to begin welcoming guests in 2016 and will be located just a few minutes walk from the historic old town and major commercial areas of the city, making it an ideal choice for both business and leisure guests. The new build hotel will offer 202 guest rooms and suites, as well as facilities including a business center, fitness center, spa with indoor swimming pool and an outdoor sun terrace. In addition, the project designs feature an all-day dining restaurant, with private dining room and lobby bar. (Hilton Worldwide 2014)

There are more than 250 spas operating across Hilton Worldwide's ten market leading brands, making Hilton one of the world's largest spa providers. More than 190 spas operate within the Hilton Hotels & Resorts portfolio alone. Over 90 properties in development are committed to including a spa and anticipated to feature Eforea. Eforea: Spa at Hilton is a global spa concept by Hilton Worldwide and created by the company's flagship Hilton Hotels & Resorts brand. The spa solution for owners of Hilton Hotels & Resorts, Double Tree by Hilton and Embassy Suites Hotels properties features an exclusive menu of treatment journeys and innovative design element, all providing a turnkey spa solution easily implemented and customized. Leveraging its global reach and expertise, Hilton pulled the best elements and practices from Europe, Asia Pacific, Middle East and the Americas to create a unique concept for today's savvy global travelers. (Eforea: spa at Hilton) This global spa concept will not only attract foreign tourists but will definitely gain the interest of the local Estonian market as well and most importantly will contribute to the raise of overall Estonian spa service quality.

1.2 Importance of employees in a high contact service brand

A services brand is essentially a promise about the nature of a future experience with an organization or individual service provider (Leonard & Kent 2007). The intangible nature of services stresses the crucial importance of service brands as opposed to physical goods brands. Keeping in mind that service branding is concerned with communicating the benefits of an offering, a strong brand is considered to be a key element in a service provider's effort to distinguish oneself from competition. (Athanasios & Polymeros 2014) A brand can be defined as a cluster of functional and emotional values that promise a unique and welcomed experience for the stakeholder.

Organisations are becoming more values-driven, recognising that staff are key ambassadors in the brand building process. (de Chernatony et. al., 2004)

A strong brand increases the consumer's attitude strength toward the product associated with the brand. Brand strength is based on perceptions and behaviors of customers that allow the brand to enjoy sustainable and differentiated competitive advantages. Attitude strength is built by experience with a product. (Hong-Bumm & Woo 2005) Brand is successful when it matches human characteristics, lifestyles and preferences. Creating a strong brand provides additional value that looks simple from the customer point of view but is a great deal for a firm to survive stiff competition in the market. (Mohd R. J., Mohd H. H., & Muhammad, 2013) Brands with unique values are more than names or designs. Within the hospitality industry, where the final product is co-created by both customers and employees, the role of the employee is emphasized as a conduit in the establishment of customer brand relationships. Thus, the necessity of an internal structure that prompts employees' positive brand attitude and behavior is well-established. (Xionga, L., Kinga, C., Piehlerb, R. 2013)

Wellness experiences are not only a matter of intangible procedures and services. The delivery process rides on the back of a large number of auxiliary remedies. Thus, cosmeceuticals are supplied to the wellness facilities, and are used on the tourists during treatments. The image and the commercial success of cosmeceutical products depend on the interaction between the staff and the customers in the wellness facilities. Accordingly, it is assumed that there is reciprocity between the two industries which may or may not be fully realized and exploited. It is part of a collaborative picture that cosmeceuticals are also merchandised on the premises and often part of the décor. Thus, the role of cosmeceuticals is, potentially, even more far-reaching in terms of development and branding. (Hjalager & Konu 2011)

Some feel that the health and wellness industry provides its users with perishable commodities; once a service is finished no tangible product remains for the consumer. Consequently, complementary and alternative treatments are inherently difficult to evaluate. The natural intangibility of health and wellness services is similar to what is found within other businesses that are part of the service or experience economy (restaurants and hotels encounter similar obstacles). Consequently, to ensure this

industry operates successfully it is important for the sector to effectively “shape” its customers’ expectations. Clients should be given more control over the planning and delivery of their experiences. (Supapol, Barrows & Barrows 2007)

Because of the unique characteristics of hospitality products, employees play a crucial role in presenting brand value to customers. As such, hospitality organizations commonly adopt internal branding practices to align employees’ attitude and behavior to the externally communicated brand standard.(Xiong, L., King, C., Piehler, R. 2013) Perhaps never have employees played a more critical role in organizational success than in an emerging experience economy. In such an economy, the consumer is a guest who is looking for a highly personal and memorable contact with the brand. (Chong 2007)

Satisfactory tourism experience depends on the intentions, mood and adaptability of the tourist, but also on the competencies and professionalism of the wellness staff to interpret and meet the needs of the visitor. Relations between human beings are found to be crucial in wellness tourism. (Hjalager & Konu 2011) Managers in high contact service industries often face a similar dilemma when initiating strategic actions to enhance profitability, namely whether to focus on employees or customers. As organizational profitability emanates from satisfied employees, organizations in high-contact service industries should thus focus their effort on improving employee satisfaction, and satisfied employees will uphold the service quality and ensure customer satisfaction. Employee satisfaction is one of the important considerations for operations managers to boost service quality and customer satisfaction, and plays a significant role in enhancing the operational performance of organizations in high-contact service sectors. (Yee et al. 2008)

A spa’s reputation and brand identity is built on the ability of its staff to deliver services in the way that management expect them to be delivered. (Matthews & Wells 2008). Because of the unique characteristics of hospitality products, employees play a crucial role in presenting brand value to customers. As such, hospitality organizations commonly adopt internal branding practices to align employees’ attitude and behavior to the externally communicated brand standard. Management needs to be vigilant in their internal branding practices, ensuring they are tailored to the audience, so that

employees can perceive the information to be meaningful and relevant to them if they want to create brand ambassadors. For example, while a housekeeper may work for the same brand as a guest service attendant, their role in delivering the brand promise is different. Therefore, internal branding practices need to reflect this understanding and tailor messages accordingly, not dissimilar to external marketing communication that is targeted toward different target markets. Furthermore, management is encouraged to extend beyond the traditional human resource practices that assess the health of the work force, such as employee satisfaction and turnover. Effective management of the human capital is suggested here to require a mechanism that regularly assesses their employees' understanding of the brand, for without this understanding, the attainment of sustainable brand management outcomes is believed to be harder to achieve. (Xionga, Kinga & Piehlerb 2013)

As customer expectations are based on the promoted brand values, employees must embrace these values to bring the brand promise to life. Not only customers but also employees have to be convinced of the unique and distinctive features of their service offering, as reflected in the brand. Internal branding seeks to train and motivate employees to behave in a manner that is intended by the organization and communicated externally to its customers. Achieving customer loyalty and a defendable competitive advantage requires employees to consistently meet and satisfy customers' expectations of the brand. (Kinga, Kam Fung So, & Gracec 2013) Employees who are aligned with the company's values can help their organization attain a sustainable competitive advantage by giving external stakeholders experiences of these values. When employees understand and are aligned with the core values, they have a better appreciation of their roles and higher commitment to delivering the brand promise, resulting in higher brand performance. (Chong 2007)

A labor-intensive service can only be as good as the people performing the service. The values of the service provider directly influence the quality and value of their service (Leonard & Kent 2007). Service quality direct related is not only with customers, but also with services suppliers and employees. Employees providing services are the connection between customers experience and satisfaction and organisational goals. Having good employees and high level managers offering exceptional services may be

main factors seeking to achieve service quality and maintain competitive advantage. That's why quality management is very important.(Sekliuckiene & Langviniene 2009)

Just as companies' staff members have the power to positively influence brand image, however, they also now have more opportunities than ever before to tarnish that image. Employee knowledge and understanding of the desired brand image is pivotal to the employee branding process. That is, employees must be cognizant of and comprehend the image that the organization wants its customers and other stakeholders to experience. Understanding what the desired brand image is and how it is directly linked to the organization's mission and values will help staff make better decisions under conditions that are not explicitly covered in the policy and procedure manual. For example, most service organizations tell employees that customer service is crucial to success; however, the tenets of customer service are not always communicated or reinforced to workers. Consequently, they must interpret for themselves what constitutes good service and how it should be delivered. (Mangold & Miles 2007) Successful achievement of this objective requires an organizational culture characterized by a dedication to the delivery of service quality and a strong brand ethic (i.e., a service brand orientation). Strong brand management contributes to the organization's sustainability, as reflected in satisfied customers and a compellingly differentiated brand. Hotel employees know they must provide good service (i.e., service orientation). They also need to know, however, how the customers, and the organization, define good service with respect to that particular brand. (Kinga, Kam Fung So, & Gracec 2013)

Spa services providers could be classified as front line service workers, like instructors, trainers, consultants, etc., and managers. Working face-to-face with a client requires kind communication and willingness of personnel, it is very important to have skilled, committed employees. Managers have to empower their employees to adapt the services as required to attend to the needs of customers. Correctly selected and empowered employees could easily work as one team. Teamwork directly interacts with spa service quality and customer satisfaction (Sekliuckiene & Langviniene 2009). Spa operators must pay careful attention to human resources, with schedules that are efficient for

employees and effective for guests. Efficient employee strategies include cross-training and prevention of repetitive stress injuries. (Tabacchi 2010)

Leadership is directly related to organizational climate, teamwork, as well chosen direction for giving consultation, partnership with a customer increases satisfaction both customer and provider. Motivated personnel are prepared to do them best providing a quality for a service, satisfying the customer, them wishes. Thus, leaders are obligated to identify customer's desires and to do everything for empowering the personnel to satisfy that customer wants. (Sekliuckiene & Langviniene 2009) Employees need to feel that they are part of the system they work for, that their ideas and concerns are heard and taken into consideration. When the sense of ownership is developed, employees are willing to put more effort into their everyday work and this will happen naturally, without any reluctance.

1.3 Internal communication in a spa franchising relationship

In a franchising relationship franchisor is trying to influence franchisees behaviour and attitude towards the franchise brand. Nyadzayo and others (2011) evidenced that franchisor support and information sharing were considered to be essential in achieving that. In a sustainable franchise businesses franchisees require continuous support throughout the relationship lifetime and not only at the start-up stage. Implementing communication systems, into any organization, that are efficient, effective and timely is challenging. Achieving this in a large, international franchise organization presents additional challenges. The nature of franchising and the power balance between franchisees and the franchisor are major reasons that communication in franchised business is further complicated (Davis 2004).

According to International Franchise Relations Committee (2014) communication means a mutual understanding between two or more parties. It is the method used to convey a message or to achieve a "meeting of the minds." The purpose of any message can be to convey information, develop relationships, or help in making a decision. Great brands are built top down, bottom up, inside out. This means that long before external communications to a franchise network's consumers begin, internal audiences, including existing franchisees and dealers, must have a deep and clear understanding of

the brand. The local dealer and franchise location is where the brand is delivered and experienced and in that sense, a particular franchise location is the brand. If even one franchisee does not have a firm grasp of the franchise concept that defines the brand, the entire network is at risk. (Letwin 2011)

Appropriate and adequate communication channels are vital for a trusting and cooperative relationship (Sarantinoudi & Karamanoli 2013). If there is no trust within the network (between franchisor and franchisee) it will be almost impossible to build consumer trust in the franchise network (Letwin 2011). In order to information sharing to be successful, Nyadzayo et. al. (2011) findings support the need for frequent and regular information exchange within franchise channels. In particular, franchisors must ensure adequate provision of support to franchisees, transparent and regular information sharing, well-devised brand architecture strategy, efficient conflict resolution system, avoid use of coercive influence strategies and promote more social interactions. Franchisors should perform their partnership roles effectively through the provision of training and operation support, to gain franchisees' confidence in their capabilities. Franchisees' perceptions of a franchisor's cultural awareness and sensitivity lead to the development of franchisees' trust (Merrilees & Frazer 2013). Consequently, franchising represents a system of entrepreneurship that is particularly reliant upon interpersonal and intra-organisational trust. In this way, trust in a franchising context functions as the bond that reinforces the contractual alignment of interests between the relational parties of a franchise, thereby ensuring mutually profitable outcomes of relationships. (Davies et al. 2011)

When franchisees develop trust in the franchisor on the basis of their role performance and cultural sensitivity, franchisees are likely to express satisfaction with franchising. This satisfaction, in turn, is likely to reduce conflict between franchisors and franchisees, and lead to the upholding of long-term relationships. (Altinay et al. 2013) If proactive franchisors wish to generate trust and compliance with operational guidelines, they must assiduously manage franchisee satisfaction and avoid dysfunctional conflict in their ongoing relationships. This entails providing recognition and rewards not only for high levels of compliance, but also for successful self-directed initiatives taken by the franchisee, even if these may supersede standard operating procedures. However, constructive or functional conflict should be managed and implemented in concert with

trust-building efforts in order to exploit mutual opportunities for franchise partners within their relationships. (Davies et al. 2011)

In a franchise relationship one side has operational control over the other, therefore cooperational conflicts can easily occur. Weaven and others (2010) recognise that franchisor-franchisee conflict is not only inevitable, but a necessary part of a dynamic business relationship. Franchisors typically control how franchisees conduct business to ensure uniformity by means of obligations and policies. These controls may restrict a franchisee's ability to exercise their own business judgment and cause conflicts. Therefore, conflict resolution channels provided by franchisors may be needed. Because franchise contracts are often weighted in favor of the franchisor, the potential for conflict is great. Frequent communication, franchise advisory councils and franchise association have been advocated as most effective in reducing the potential for conflict between franchisors and franchisees (Cho 2004). Nyadzayo and others (2011) found that a major cause of conflict was that franchisees' concerns were ignored. They also stated that failure to resolve conflicts in franchise relationships could lead to problems of non-compliance and opportunistic behaviour. Franchisees often feel that the operational, technical and marketing support that they receive is far below their expectations. Franchisors are often equally surprised to learn that franchisees feel this way. One way to avoid this undesirable outcome is to consider the internal brand as being more important than the external brand. The franchisor is a brand not only to the end user who buys through franchise locations, but to individual franchisees and to the network as a whole. (Letwin 2011) While searching for the causes of franchising conflict, Frazer and others (2007) brought out amongst other aspects that lack of communication also increases conflict as often franchisees are forced into specific situations with little or no information. In organizations with high levels of knowledge and understanding, the desired brand image is clearly defined in light of the mission and values. Then, the image is consistently and frequently communicated through the organization's formal and informal mechanisms. The employees of high- knowledge organizations know what their employers are trying to accomplish. They also know and understand the behaviors that are needed to deliver the desired brand image to organizational constituents. (Mangold & Miles 2007)

Cultural differences between home and hostmarkets can also be the cause of misunderstanding in a franchise relationship. To avoid that franchisors should maintain a flexible approach to local markets in order to accommodate cultural differences (Altinay et al. 2013). Both franchisors and master franchisees should try to understand the factors that influence perceptions of similarities and differences to ensure a move to accepting organisational disparities as quickly as possible before relational quality is destroyed (Brookes & Roper 2011). Franchisor members who communicate directly with franchisees should have the appropriate skills and attitudes to demonstrate their cultural sensitivity towards franchisees (Altinay et al. 2013). Also franchisees have to be able to demonstrate their positive attitude and nature crucial for sustainable franchising relationship. While researching franchisee selection criterias Clarkina & Swaleyb (2006) found in their study that even though financial qualifications are important to franchisee selection, they are not the most important criterion, attitudes and personality were important franchisee selection criteria. These selection processes and their resulting outcomes have potentially far reaching effects on customer perceptions of the business, organizational cooperation, and a firm's financial performance.

The cost of poor communication can be seen, felt, and measured in any company's performance. This is especially true in franchise systems where making clear the hows and whys decisions made by the franchisor can be the difference between maintaining cordial system-wide relations and unhappy franchisees. Not only does franchise system management need to communicate effectively, so do those in customer service who interact with franchisees. Of course, franchisees need to learn how to effectively communicate their ideas or concerns with franchisors. (IFA Franchise Relations Committee, 2014)

In the franchise world, the relationship that exists between the franchisor and the franchisee is also growing and changing. For this relationship to achieve its objectives, each party needs the fundamentals of good communication. Every franchise system, no matter how large or small, needs to provide avenues for franchisees to share ideas, questions, or concerns with franchisors. Moreover, franchisees need some assurance their ideas will be taken seriously, otherwise learning how to communicate effectively and spending the resources to create an effective way to communicate will be wasted.

(IFA Franchise Relations Committee, 2014) Open and transparent communication at the pre and post stages of the partnership is important to facilitate learning between franchisors and franchisees, offer franchisees a clear sense of direction, enhance relationships, and prevent conflict (Altinay et al. 2013). Weaven and others (2010) also found that effective communication between the parties is a key to effectively managing tensions and this is likely to be promoted by candid and timely sharing of information and the clarification of the expectations of both parties. Franchisee decision-making involvement was also viewed as beneficial in building franchisee efficacy, facilitating franchisee acceptance of system-wide adaptations and minimising franchising conflict. Communication is the main aspect through which franchisors promote positive attitudes towards the franchise brand. Thus, franchisors should communicate the set of constructive brand attributes to encourage franchisees into absorbing and living the franchise brand values. Franchisees become constructive when the franchisor is also supportive. (Nyadzayo, Matanda & Ewing 2011) Spa franchise would not be effective without the proper reporting and administration systems in place. Without systems and structure, much of what is done will be guess work or trial and error. Having the right systems and structure enables a spa to motivate and reward staff, track results, understand guests better, attain financial objectives, find problems before they get out of control and run a profitable business with satisfied partners, team members and customers. (Matthews & Wells 2008) Communication strategists within the company face a range of challenges in maintaining effective communication between the franchisor and franchisees and between the individual franchisees. Challenges include: providing timely and regionally relevant information to a diverse range of franchisees, facilitating business orientated communication between franchisees, communicating messages that demand both consistency and diversity simultaneously and creating open lines of communication that are inclusive of all stakeholders (Davis 2004).

There has been considerable focus on how external communication like advertising, public relations, etc., helps corporations build a corporate image to differentiate themselves from competitors in an increasingly crowded marketplace. On the other hand, the role of internal communication and training in building corporate brands has received less attention in the academic literature. (Chong 2007) During the past decade, it has become obvious that the role of an organization's internal communication is at

least as decisive for operational success as has traditionally been the case with external communication (Louhiala-Salminen & Kankaanranta 2012). Creating a strong internal brand can increase employee identification with and trust of the organisation, enhance employees' ability to speak positively about the organization with external stakeholders, and increase the likelihood of employees living the brand (Leah et al.,2014). All organizations have to understand that communicating with employees is a success factor for the whole activity. The main objective of organizational communication is to inform, disseminate and convince employees about the organization's goals and policy. (Borca & Baesu 2014) Internal branding relates to the development of a corporate brand, and better communicated values could improve the workplace environment, which would nurture social aspects of a corporation's sustainability. For example, if employees understand and appreciate what the organization's brand stands for, they may perceive their workplace as more meaningful. (Leah et al.,2014) Service brands need to depend on internal communication to empower employees to deliver on the brand promise (Chong 2007). The employees need to be given regular information about company goals and objectives, plans for the future, achieved results and company perspective. By creating appropriate internal communication and a high level of LMX (Leader member exchange relationship), it is possible to achieve (relatively easily and quickly) a better job satisfaction, without making an enormous investment. (Nikolica et. Al., 2013)

Creating efficient and effective internal communication is not an easy process. Managers of different levels need to communicate goals and tasks to employees, while the employees need to understand their tasks in order to be able to help achieve the goals of the organization (Borca & Baesu 2014). Internal communication underpins organisational effectiveness since it contributes to positive internal relationships by enabling communication between senior managers and employees. Successful internal communication can promote employee awareness of opportunities and threats, and develop employee understanding of their organisation's changing priorities. It can contribute to organisational commitment and play a part in developing a positive sense of employee identification. (Welch 2012) While many organizations have toiled to create trusted, long-term relationships with external stakeholders, far fewer have dedicated comparable resources toward generating lasting relationships with internal

stakeholders. Internal communication plays a prominent role in organizational functionality, primarily in strategically influencing the ways employees talk about the organization with one another and with those outside the organization. This is essential as organizational members are positioned to influence external stakeholders by championing for or against their organization. (Leah et al., 2014)

Paradoxically, internal communication can also pose a threat to organisational relationships, as poor communication can be counter-productive. The potential benefits of internal communication rely on appropriate messages reaching employees in formats useful and acceptable to them. However, if employees feel such communication is conducted inappropriately, the communication process could inadvertently damage internal relationships. (Welch 2012) Several structures and policies need to be followed in order to ensure the effectiveness of internal communication, such as making sure that employees receive copies of strategies, plans, missions, and goals to be reached. In addition, employers need to engage in face-to-face communication with the internal publics in order to maintain an effective internal communication and build a trustworthy organizational environment. (Borca & Baesu 2014) For the communication to be effective there must be some element of interactivity, employees will not internalise values simply by being told what they should think and feel. Importantly, any truly interactive communication of values to employees would include a feedback loop, at this point, the values of the organisation become both self-sustaining and evolutionary. (de Chernatony et.al., 2004) It is simply insufficient for a company to write down its vision and values and hope that employees will live the brand (Chong 2007). Employees must be engaged into a dialogue where they could express their feelings and ideas.

In addition to conventional offices, also communication in a virtual environment, is essential for obtaining the right information during business processes, including decision making. The communication system has to be modernized with new technologies in order to increase effectiveness of information and knowledge exchange. (Borca & Baesu 2014) Technology can be compared to a moving treadmill, with the speed of information continually ramping up to the next level (Welsh & Alon 2002). Franchisor has to provide franchisees with the ability to adapt to the technological

environment (Borca & Baesu 2014). Especially in a spa business, where most of the employees are therapists doing physical job and they may not feel themselves comfortable enough with different technical tools or social media like computer and the Internet.

2 RESEARCH OF INTERNAL COMMUNICATION IN A SPA FRANCHISING RELATIONSHIP

2.1 Overview of enterprises researched

Vihula Manor Country Club & Spa is a first full-service manor resort in the Baltic countries, set amidst wildlife-rich Lahemaa National Park and only 4 km from the gentle waters of the Baltic Sea in Northern Estonia. A charming 16th century estate with two main manor house buildings, 25 other historical buildings and 50 hectares of beautiful parkland set alongside the Mustoja River in the Lahemaa National Park, 4 km from the Baltic Sea coast and an hour drive from Tallinn, Estonia. (Vihula Manor Country Club & Spa, 2014)

Vihula Manor Eco-SPA is a boutique spa in the peaceful countryside, a place to escape from busy daily life and indulge. This completely new and unique ecological spa concept combines heritage, nature and luxury with contemporary comfort and modern technologies. The Eco-SPA is located in the historical Carriage house and features a reception, a spa lounge with marvellous views of the peaceful manor park and river, eight elegant manor-style treatment rooms, a gym, a traditional wood-burning sauna, and sun terraces featuring outside hot tubs and a jacuzzi, all offering guests a delightfully different and unique spa experience. The spa products are eco-friendly, a combination of high quality local and international brands. Vihula Manor Eco-SPA is the only spa in Estonia representing ESPA, the international top spa brand and offering its high quality products and treatments. Treatments with these luxurious and high quality products in harmony with the countryside make these spa experiences absolutely unforgettable (Vihula Manor Country Club & Spa, 2014). Vihula Manor eco-spa is not a member of Estonian Spa Association (Estonian Spas 2014).

The spa menu, which is divided into six different categories so that clients can easily orientate, offers an innovative selection of pampering treatments designed to relax and rejuvenate. Treatments under „Natural Spa“ section with fresh ingredients directly from the wild are pampering, relaxing and balancing for the mind and body. Treatments are composed using the traditional wisdom of Estonian ancestors. Bath, poultices and massages form a harmonious whole. The result is a blissful feeling and a nice atmosphere. „Manor Luxury“ body treatments like „The golden body treatment“ and „Voilde de Sultane body treatment“ represent the majestic atmosphere that the manor creates. Treatments especially tailored for men are in separate section to attract more the target audience. Hand and feet treatments as well as massages are also in the categories of their own. The last mentioned massages are also the most popular treatments among Vihula Manor Country Club & Spa`s clients. ESPA has created special spa rituals for Vihula which characterise the eco spa essence and the natural touch that are the vital part of Vihula Manor eco-spa`s concept.

Vihula spa was first opened in October 2009, before ESPA spa brand was launched in November 2013, there were three other spa brands featured in Vihula. „Harmoonikum“ is an Estonian origin eco-brand that uses herbs, honey, milk, fruits, cereals, aroma oils and many other gifts of nature, all containing necessary vitamins and minerals in a form that is appropriate and well-absorbed by the human body. Cosmetic products mixed from fresh natural components are especially effective as they support natural and healthy functioning of the body. Spa brand „Fleurs“ is originated from France and inspired by flowers and plants, so that the brands blends in well with Vihula spa. The third spa brand was called „Karin Herzog“, the luxurious skin care brand that uses pure oxygen in the products to fight against anti-ageing. This product range was dismissed from Vihula manor eco-spa when ESPA was launched, as one spa cannot have too many different spa brands available. More than three different spa brands in one spa will confuse the consumer while making a decision what kind of treatments and products to choose.

Vihula Manor Country Club & Spa`s main target groups are Estonians travelling as romantic couples or families with children. There are also many Russian individuals visiting Vihula, as Russian border is located less than two hours drive by car. Vihula is

easily accessible for Finnish people as well. Most of them are groups, who usually do not have the time to book spa treatments as their schedule is tight. But there are also Finnish people travelling on their own and they are very eager to take as many spa treatments as possible during their stay in Vihula. For Finnish and Russian clients the prices in Vihula Manor Country Club & Spa are much cheaper than they would pay in their home countries for a similar spa treatment

There are altogether ten employees Vihula Manor Country Club & Spa's spa department. The head of department is a spa manager who is responsible for the operations to be running smoothly. There is one spa receptionist who, in addition to serving clients, helps spa manager with administrative issues. Eight spa attendants are focused on providing clients with different face, body, hand, feet and bath treatments. Those spa therapists are with different skills and not all of them are providing all treatments offered in the spa menu. Five therapists out of eight participated in ESPA product and treatment training. Three of the therapists working in Vihula are male concentrating on providing only massage therapies, not face and body treatments.

Creator of the world's finest spas, ESPA has pioneered the science of natural beauty in a potent collection of radically effective formulations. ESPA International has over 350 spas in 55 countries. Each is a unique reflection of their philosophy and the spa's environment, the city, geography and culture in which it lives. ESPA designs spas to delight and astonish, which results in a remarkable collection of destination spas. The company has over 3,500 highly trained therapists administering over 3 million treatments a year. No one is closer to its customers, seeing exactly what works for skin of every age and type, and helping people find the right combinations to express their natural beauty. ESPA creates all the products in their spas, using only the very purest extracts. ESPA biochemists distil active ingredients into products that keep their promises for instant, lasting results, every day. Each of their product is an expression of their belief in the remarkable power of nature to calm, refresh and renew. (ESPA International, 2014)

When Susan Harmsworth, the founder and CEO of ESPA International, was asked to describe the inspiration for founding ESPA and how does it's philosophy differ from other spa brands, she explained that first came the need, the concept and finally the

reality. Increasingly, during a lifetime within the spa world, she had realised that modern lifestyles are demanding more than just traditional skin care. She believes that as our world increases in speed there is a powerful and deep need to stop, consider and rediscover the natural balance. The ESPA philosophy is focused upon enhancing an individual's lifestyle in a way that is both holistic and versatile. Above all, ESPA's commitment is to products and treatments that really work. (Perez n.d.)

To continue with Sharon Haynes, the senior-associate involved in spa operations, ESPA is a total spa company offering services including spa design and technical services, pre-opening services, management services, technical and standards training, financial projections, marketing support, public relations exposure as well as ESPA products and treatments. This sets them apart as other spa companies often offer a selection of the aforementioned but not the entire package. (see Table 2, Interview 9)

Other nearest ESPA spas in North and East Europe are located in Helsinki, Finland; Riga, Latvia and Moscow, Russian Federation (ESPA International, 2014), Vihula Manor eco-spa is the newest spa in the portfolio for ESPA in this region.

2.2 Research method, sampling and procedures

The aim of this Master's thesis is to analyse internal communication employed by spa franchisor, assesses its effectiveness from franchisee's perspective, develop an internal communication structure between franchisor and franchisee based on Vihula Manor eco-spa and ESPA International and propose some initiatives to assist more effective communication tools in a franchising relationship. To reach the final outcome the following research question was formed: how does a franchisor ensure an effective communication with the franchisee? As the current Matser's thesis does not compare any groups and the author did not make any predictions about the expected outcomes of the spa franchising relationship, there was no need to raise a hypothesis (Creswell 2014).

Previously the focus has only been on employers and managers, neglecting the fact that the role of the employee is emphasized as a conduit in the establishment of customer brand relationships (Xionga et. al., 2013). Spa and wellness is business is a high contact

service industry where the outcome of the service provided for the customer depends on the willingness of the employee. Therefore it is the utmost importance that employees understand what kind of service they are expected to deliver and how to deliver. They also have to believe in what they do and enjoy while doing it. Therefore communication plays a major role in internal brand building because it disseminates information about the brand identity to employees (Borca & Baesu 2014). Creating a strong internal brand can increase employee identification with the organisation, enhance employees' ability to speak positively about the organization with external stakeholders, and increase the likelihood of employees living the brand (Leah et al., 2014).

A qualitative research design is particularly appropriate for research questions which explore employee views and preferences, it allows researchers to go beyond the numbers and explore relationships, opinions, experiences, and lessons learned (Global Spa Summit, 2010). A new conceptual model of employee communication was posited by Ruck & Welch (2012) as a framework for fresh approaches to internal communication assessment. It encourages a stronger balance between communication related to an individual's role and wider internal corporate communication. It incorporates the importance of employee voice, based on being well informed, organisational support and identification. As the framework encourages development of assessment instruments that include emphasis on content and employee needs, it is used in this current Master's thesis to conduct an in-depth interview questions for spa employees (see Appendix 1). Additional interviews with managers and franchisors are carried out to broaden the outcome of this research by recognising every stakeholders' opinion on a internal communication effectiveness in a spa franchising relationship (see Appendix 2 and Appendix 3).

Interviews are a targeted, insightful and highly efficient means by which to collect rich, empirical data. However, interviews are often characterised by several weaknesses, such as bias due to poorly articulated questions, response or personal interpretation bias (De Massis & Kotlar 2014). Therefore in this current study in-depth interviews featured open-ended questions where respondents could take the lead and dictate the directions and length of discussions of particular questions. Additional questions were developed by noting respondents' answers (Vallaster & Lindgreen 2013). There can occur certain

limitations when in-depth interviews are being used as data collection types. According to Creswell (2014) interviews can provide indirect information filtered through the views of interviewees, also information is provided in a designated place rather than the natural field setting, not all people who respond to the questions are equally articulate and perspective and researcher`s presence may bias responses.

The advantage of qualitative research is the richness of the collected data. However, for research purposes, these data need to be interpreted in a valid and reliable way. (Moretti et. al., 2011) This is especially important in this current Master`s thesis, as the researcher collects data at her own previous workplace. The author of this thesis realises that eventhough information may be convenient and easy to collect, it may not be accurate information and may jeopardize the roles of researches and the paricipants. Therefore the researcher holds the responsibilty for showing how the data will not be compromised and how such information will not place the participants or researcher at risk (Creswell 2014). In this study the results are reported by theme in the analysis section of the article as it helps to better describe all the relevant categories under each theme heading, as themes are considered to underlye meanings that tie the data together (Erlingsson & Brysiewicz 2013). Quotations from transcribed text will be highlighted in *Italic* from the aswers to show a connection between the data and results (Elo et. al., 2014).

There is no commonly accepted sample size for qualitative studies because the optimal sample depends on the purpose of the study, research questions, and richness of the data (Elo et. al., 2014). Author of this study undertook altogether 9 in-depth interviews from key stakeholders (each lasting on an average half an hour), to investigate their experiences on internal communication effectiveness in a franchising relationship. ESPA spa brand was launched in Vihula Manor Country Club & Spa in November 2013. Seven Vihula spa`s employees have the experience of the franchising relationship under investigation and can answer to the research question (Erlingsson & Brysiewicz 2013). Event hough employees play a vital role in delivering the service brand promise to the customers, the actual issues involving internal communication in a spa franchising relationship cannot be limited only to an employees` level. Therefore two additional interviews were conducted in order to add more value to the research by

exploring opinions of employees working in the middle and top management level. As the current franchising relationship is taking place in an international degree, the answers were gathered from Helsinki Kämp Spa's assistant manager in Finland and from ESPA International's senior associate in spa operations in United Kingdom. Purposive sampling is suitable for qualitative studies where the researcher is interested in informants who have the best knowledge concerning the research topic (Elo et. al., 2014). Answers were collected between 2nd-15th of May, 2014. Four interviews were conducted in English, five others in Estonian. There was seven verbal interviews, which were recorded and transcribed afterwards. Two interviews were conducted in written (see Table 2).

Table 2. Interviewees (created by the author)

	Interviewee's profession	Enterprise	Interview time	Interview method
1.	Spa employee	Vihula manor Country Club & Spa	3rd of May, 2014,	Audiotaping
2.	Spa employee	Vihula manor Country Club & Spa	3rd of May, 2014,	Audiotaping
3.	Spa employee	Vihula manor Country Club & Spa	2nd of May, 2014,	Audiotaping
4.	Spa employee	Vihula manor Country Club & Spa	3rd of May, 2014,	Audiotaping
5.	Spa employee	Vihula manor Country Club & Spa	3rd of May, 2014,	Audiotaping
6.	Spa employee	Vihula manor Country Club & Spa	2nd of May, 2014,	Audiotaping
7.	Spa manager	Vihula manor Country Club & Spa	15th of May, 2014	Audiotaping
8.	Assistant spa manager	Kämp Spa Helsinki	12th of May, 2014	by e-mail
9.	Senior associate-spa operations	ESPA International	6th of May, 2014	by e-mail

In the analysis part a labelling will be used to quote the answers transcribed from the text. Statements by the interviews will be coded like „R1“ which indicates for respondent number 1. based on table 2.

2.3 Analysis of in-depth interviews

The following chapter is connected with the Master`s thesis qualitative research. In-depth interviews were conducted among Vihula Manor Country Club & Spa personnel. Franchising agreement between Vihula Manor Country Club & Spa and ESPA International was signed in October 2013, which makes those employees key informants who have the best knowledge concerning the research topic. In the spa industry, the final product is co-created by both client and the service provider, which makes most clear the importance of making employees aware of what the company`s aims and values are so that it would be delivered to the customer. At the same time it is crucial to identify internally the needs of employee and satisfy them, because only then can one present externally the best service. Based on framework by Ruck & Welch (2012), 5 main themes were composed based on the answers gathered from the respondents to analyse employees communication needs:

- Identification;
- Employees role and satisfaction;
- Training and development;
- Support and communication;
- Difficulties occurring during performance.

Kämp Spa Helsinki and ESPA International representative`s answers will supplement the findings from Vihula Manor Eco-spa employees and therefore help to make the outcome of internal communication investigation in a spa franchising relationship more complete.

2.3.1 Identification

For a spa to be successful it`s stakeholders have to be aware of it`s core values and have an advocate information about the strategic plans and decisions. Considering the fact that joining an international franchising system is an important strategic decision made for a small spa located in the wilderness of Eastern-Europe, interviews started with questions on how well are employees aware of the reasons that kind of settlement was signed. All of the respondents (R1-R7) stated that they were not made aware of the exact reasons so each one of them could only assume what were the real reasons behind it. Considering organisational performance and financial objectives employees are given

monthly information by the spa manager on how the spa is doing according to the budget and if the financial targets set are being met.

Participants were asked to describe what differentiates ESPA brand from other spa brands to see how they have understood the concept behind this brand, they were also asked to name ESPA`s main values. There were two main focuses that occurred from these answers, mostly was stated that ESPA is a natural brand based on essential oils and it values personal thorough approach to the client. Natural products and treatments are also the main message ESPA is emphasising on their webpage (ESPA International, 2014). Follow up question was conducted to find out how to employees see their role in bringing ESPA values and message to the customers. Common understanding was that they are the ones who acknowledge the brand to the customers as therapists actually apply products to clients face and body, therefore know what works the best and receptionist is the one who provides additional recommendations on what to purchase for home skincare. As noted by R1:

„Before starting the treatment I have a talk with my client and introduce the products I will start to work with as well as the whole ESPA concept.“

Employees mentioned that they were a little bit sceptical at first on how will clients adopt with the new unknown brand. But the understanding that they are the ones who have the power to deliver the brand promise to customers came during the pre-launching process. This is appropriately demonstrated by R4:

„When I know what I am doing regarding to products and services it all reflects in my confidence in providing the best service to my clients.“

According to Kämp Spa Helsinki assistant manager their employees` reaction to launching ESPA spa brand has been good, she states:

„They have had a lot to learn but little skepticism is always good I think, because there is so much different brands out there.“

When participants were asked to describe what does ESPA as a brand mean to them personally the answers reflected their feelings towards the products. As skincare

specialists they have tried most of the products themselves and for who they suited reflected more positive feelings about the whole brand, but there were also opposite feelings expressed by R5:

„I have tried quite of few products and for me they are too strong. I dont think they are suitable for my skin.”

The possibility to survive in very limited market in a case of global economical crisis is awarded by the identification of very clear perspectives of spa industry, grounded on wishes of customer, permanent survey of changes of their demands. Considering expectations of customers, spa services suppliers should have strategic thinking and flexibility in order to create the biggest value to their customer. (Sekliuckiene & Langviniene 2009) Therefore Vihula Manor eco-spa offers other spa brands and treatments in addition to ESPA brand to satisfy clients with different needs and expectations. Employees were asked to describe their feelings and compare ESPA brand with other brands they are working with. Only one of them, R5, was resolute claiming ESPA brand to be the best amongst all of the brands available in the spa, although she continued her answer with some of controversial thoughts:

„Every brand that we use in our spa has its unique feature which makes it impossible to compare them to each other and choose the best one.”

Two of the respondents, R3 and R5 stressed the issue of matching Vihula Manor eco-spa`s concept concentrating on local products with ESPA`s focus on luxury and high class. First of them stated that ESPA brand is more suitable in big cities with all the glamour, not into the country side like Vihula. Second idea supported that feeling by indicating that because of ESPA, Vihula is losing its true identity and concept of eco-spa what it all is supposed to truly be. A little worry by R1 was stressed related with the treatments room in Vihula:

„I have looked up from the internet other spas that are representing ESPA brand. Our interior design here in Vihula does not match with the elegance and luxury that you can see in other spas.”

In contrast to these statements there was an opinion that ESPA brand suites well with Vihula, meaning that high quality products blend in with the noble, historical and luxurious destination.

2.3.2 Employees role and satisfaction

Created from consumer need not corporate necessity, ESPA focuses on true quality and strives for ultimate effectiveness (ESPA International, 2014). Consistent delivery of their standard operational procedures has made clients well aware that exceptional customer service is always there no matter what part of the world they are enjoying ESPA spa experience, R9 explains:

„Maintaining standards is a large part of our Management Services and is upheld via regular training sessions – in house and from the ESPA Associates – and mystery shop/audit processes.“

While describing their emotions on getting used to with their new role in providing services to clients based on ESPA standards common understanding among employees occurred on the importance of those standards to be delivered to clients. Strict policies on starting and ending the treatments are something that defines ESPA from other brands. They might have been a bit foreign in the beginning and too time consuming regarding the preparations but through practice the expertise has accomplished.

As part of ESPA`s customer journey clients need to fill in a consultation form before having a treatment. This was something that all the respondents had mutual feelings, but not in the favor of ESPA`s policies. R2 was especially resolute:

„Clients who come to Vihula seek for get away and relaxation. They do not want to fill in loads of paper before they can have the treatment, it is too complicated both for the customer and the therapist, Vihula is not ready for it.“

Surprised by that kind of attitude the author of this thesis kindly asked for the respondents to give their own ideas how do make sure that client`s health condition would allow them to have the treatments they have booked as there are many medical conditions which are contraindicated for certain face and body treatments. Main

suggestion (by R1-R6) was to continue with a private conversation between the therapist and the client before the treatment begins. This how they have operated before and they see no reason to start changing it. R7 admits that although there is a continuous effort to implement consultation forms into Vihula Manor eco-spa customer journey, even before ESPA brand was launched, it has not been successful:

„I am constantly explaining the purpose of filling in the consultation forms, but neither employees nor customers realise the necessity of it. I suppose no client feels that they put their health on somebody else's hands while having a spa treatment. Neither do employees emphasise the possibility of being sued by the client in case something could go wrong during the treatment.“

Most of the spas have realised that retail area is as powerful and equal contributor to the business as treatments are. This is also something respondents referred to as being new to them, but despite the rather active approach that ESPA is emphasising Vihula spa staff is adapting relatively well to selling products to their customers. R6 exposes the reason behind it:

„Although it was something I was not used to, it has been rather easy to sell ESPA products. As my clients see themselves what I use on them is actually working so they are showing their own initiative to get to know more about those products and use them at home.“

R8, Kämp spa Helsinki assistant manager, adds their experiences with retailing products:

„It has been a struggle, this is not a Finnish thing. We are trying to help them and train them as much as we can and ESPA is giving good tips and competitions for us to use. This is the key factor we should focus on; how to make them feel not-selling and be confident with this.“

Motivation working in Vihula Manor Country Club & Spa is not related to the brands presented in the spa. All employees stated (R1-R6) that it is part of their work to bring out the best features of every brand they work with to the client:

„I am not working in this spa because of any specific brand. Brands are just tools I work with, main emphasis is on the job itself: providing spa treatments.“

Although Vihula is located in the periphery with long driving distance from cities and there is relatively high staff turnover in other departments, all of the employees have been working in the spa more than two years. One of them has been in Vihula since the first day spa opened its doors. All of them stated that they are happy with their current position. According to ESPA International, R9, the motivation for the team can come from incentives:

„We support product incentives, using the products and experienceing treatments (in your own spa or other ESPA Spas) contributes to overall wellbeing and motivation.“

2.3.3 Training and development

The E in ESPA stands for Education and Excellence, training, for therapists and the whole spa professional team, is very detailed and exact and this ensures the guest receives the ESPA experience. Before launching ESPA brand in Vihula Manor Country Club & Spa there was one week training provided for all spa employees. General emotions towards the course were positive, R6 states:

„One week product and treatment training was very intimate, complete and I liked dit. The trainer was very pleasant “

For Estonian neighbours in Finland, Helsinki, the training was also for one week for each therapists and R8 claimed it to be very intense.

ESPA trained employees feel that one week training was enough for them, as they all have the basic knowledge of spa therapies beforehand. Training was all about getting to know ESPA concept, standards, rituals and products. Due to practising sessions, after the training had finished, all therapists feel themselves confident in providing ESPA treatments as selling the products. They did mention (R1-R6) the need for additional training in the near future focusing on product ingredients and their benefits to the skin:

„When I recommend some product for the client I take responsibility for that. If I am not 100% sure what the ingredients are, in case client has an allergy, I do not dare to recommend or sell that product to client.“

More than six months has passed since ESPA brand was launched in Vihula Manor eco-spa. Employees feel their development mainly on their higher awareness of spa treatments related specifics like for example skin analysis.

Senior associate in spa operations (R9) stresses the importance of employees' education, training and development:

„We have a phased training structure for therapists which means that there is always something for them to strive towards and to motivate them to learn and keep developing. The Spa Director and ESPA Associate assesses each team member regularly to ensure progression is timely and appropriate. We also run Train-the-Trainer sessions, Spa Director courses and Head Reservationist courses at ESPA House so we can focus on the business side of things as well as achieving treatment excellence.“

Further she emphasises the importance of training new employees as quickly as possible before they start performing ESPA treatments:

„All new starters require ESPA essential training in order to provide treatments to paying guests and we work closely with the Spa Directors to ensure training is planned according to the needs of the business, the team and in line with any new start dates.“

2.3.4 Support and communication

Highlighting the importance of organisational support, the overall opinion indicated that therapists are just simple service providers in a franchising relationship. Nyadzayo and others (2011) have stated that franchisee's feelings towards operational, technical and marketing support that they receive is far below their expectations and franchisors are often equally surprised to learn that franchisees feel this way. R2 answered to the questions about support provided from their franchisor with and understanding about ESPA and the way they operate with the following sentence:

„For ESPA it seems to be a big world and a small family.“

Meaning that most of the internationally well-known beauty and spa brands use resellers to distribute their products in such a marginal country like Estonia is. While ESPA does not accept that kind of behaviour and their main factory in United Kingdom is the supplier for all of their spas no matter where located. This approach gives franchisee the feeling that they are a part of bigger organisation and respected enough for a straightforward communication as approves R7:

„It is remarkable how fast things move in this organisation. We will place the order in the beginning of the week and we can be sure that products are in Vihula by the end of the same week. That reflects ESPA`s commitment, even some suppliers from inside our own country cannot deliver that fast.“

Senior associate in spa operations was asked how does ESPA keep control of its ever growing spa portfolio, R9 gave an insight of their company`s structure:

„Each ESPA Associate manages a portfolio of spa projects. Each Associate comes from an operational background, most have experience of managing an ESPA Spa, so they understand the needs of the business and how to drive it, from the inside out!“

Communication with ESPA and Vihula Manor Country Club & Spa is through ESPA associate who is offering all kind of support starting from product ordering, marketing activities, implementing brand standards and dealing with everyday operational procedures.

None of the employees (R1-R6) stressed the necessity of communicating with ESPA contact person personally:

„I do not see any reason for me communicating directly with ESPA representative. Spa manager is the one who does that and we can turn to her in case we need any assistance. This structure is working well.“

R9 enlightens that the frequency of contact between franchisor and franchisee is dependant on the contract:

„It can vary widely from quarterly audits to weekly calls. In ESPA branded managed accounts we speak weekly to the Spa Director to monitor KPI`s, training needs,

marketing, promotions etc. In audited accounts it would be less often, once in every 1 to 3 months perhaps.”

In Kämp Spa Helsinki, it is the assistant manager who is keeping in touch with the ESPA associate. Vihula manor Eco-spa manager (R7) approves the communication between herself and ESPA associate:

“The person I keep in touch with from ESPA side is really good at her job. She is very skillful in terms of communication, very emphatic and always reachable via e-mail or Skype. I know I can turn to her in any issue I feel is relevant.”

All of the employees questioned for this research (R1-R6) had not heard anything about ESPA spa brand beforehand. Only the manager of Vihula Manor eco-spa (R7) was familiar with award winning ESPA spa brand having various luxury spas around the world. Most of employees` knowledge was gained from one week intensive training. After the training they are getting all the operational information from the spa manager, their colleagues and ESPA`s webpage. Two of the respondents (R2 and R3) claimed they have joined with ESPA weekly news letter which provides them with the latest information on new product, spa launches and award winnings. On the other hand two employees (R1 and R5) had an opinion that joining a weekly newsletter is not necessary:

„If I want some additional information about ESPA I go to the webpage and get it myself, they do not have to send it directly to me.”

Franchisor often provides franchisee with various marketing support. R4 and R6 stressed that quite an often there has a situation occurred where there is a new marketing campaign with special offer launched and without them knowing about it previously:

„It would be nice if special offers would be generated including our advice as we are the ones who actually perform the treatment to clients so we obviously know what works best for them.”

R7 explains the situation a little further:

„Every special offer and marketing campaign launched for Vihula Manor eco-spa initiated by ESPA is discussed with and approved between spa employees and ESPA associate. However, there is also Vihula Manor`s sales and marketing department developing special offers in order to increase sales volume, and unfortunately sometimes it tends to happen that those campaigns are launched in public before recognised by the spa team.“

When interview reached to the questions on whether employees express their ideas for improvement there were many suggestions occurring in that instant. No one in that spa is hesitating to say out loud how they feel (R1-R6). Another thing is how do employees feel about their ideas being taken into consideration or not, R1 stresses:

„We can talk to our manager about any issue but when it comes to the executives, I think they should pay more attention on what we, the spa personnel, have to say about certain things.“

After the training employees were asked asked to fill in the forms to give feedback on the effectiveness of the training. There has been no other way, time or place that they have been asked to give their opinion on how they feel about their work environment, ESPA brand, personal wellbeing or any other issue related to their work in Vihula Manor Country Club & Spa. A need to open a discussion on these issues was emphasised by employees (R3, R4 and R6):

„From time to time there should be an open discussion they do not need to be private. Our spa team together with ESPA representative should discuss how to improve things.“

R7 recognises how useful it would be to have ESPA associate present in every spa meeting, but due to the cost of travelling and lack of time, it cannot be implemented. She further explains the situation of including spa employees into decision making process and considering their opinions:

„We have monthly meetings where all relevant issues are on the agenda and everyone present are welcomed to express their ideas. Employees use that opportunity and they are aware that all their ideas will be delivered to the executive office by me.“

Unfortunately it is not in my power to influence the extent to which those ideas will be heard and implemented by the higher authorities.”

2.3.5 Difficulties occurring during performance

As mentioned many times during this research ESPA spa brand is originated from England and all of their operational support is offered from there. That means that the language for communicating internationally is also English. During the training provided by ESPA trainer for Vihula Manor eco-spa staff there was only one employee who could understand English well enough. She was the one translating all information to the others, also training materials about treatment protocols and product introduction was translated into English. In the answers (R1 and R5) there was a statement made that if the training would have been in Estonian the learning process would have been much faster, so much energy and time was put on translating. Nevertheless, despite the training not being provided in their native language, but in language participants are not speaking well, the overall opinion was reflected by R2:

„Language barrier would have been an issue if we would not have had a translator and if the training would have been in a big conference hall full of hundreds of people. Our training was very intimate. We even managed to communicate with the trainer outside of the training period.”

According to ESPA representative, R9, they work hard at overcoming any possible barriers including language and cultural differences:

„That is part of the reason for having satellite offices in Asia and the US. We listen very carefully to our clients re cultural situations and market trends and work together to ensure the business is moving in the right direction. The Spa Manager is an integral part of the relationship and often the ESPA Associate works most closely with the Spa Manager/Director and the GM of the Hotel/Resort.“

Based on the answers gathered from the interviews (R1-R9), the authors of this master's thesis formed a structure to illustrate the internal communication hierarchy between ESPA International and Vihula Manor County Club & Spa (Figure 1.).

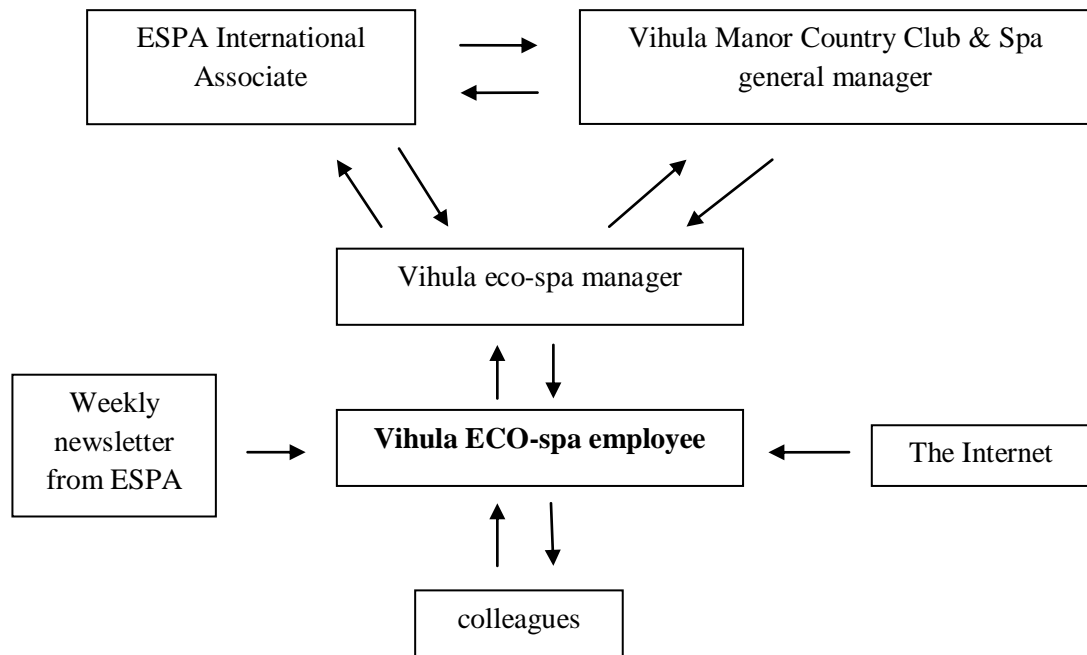


Figure 1. Internal communication structure between ESPA International and Vihula Manor eco-spa (created by the author)

This structure illustrates the main mediums where Vihula Manor eco-spa employees receive information concerning their everyday work and also states channels through which they are giving information out themselves.

2.4 Discussion and recommendations

The following section compares theory with the results of in-depth interviews analysed in the previous chapter. In this way, the author suggests that the findings confirm past information or diverge from it (Creswell 2014). During the analysing process, five themes were developed which bring out the most important issues related to internal communication from the employees' perspective: identification; employees' role and satisfaction; training and development; support and communication, difficulties occurring during performance. These themes are investigated to find answers to the research question: how does a franchisor ensure an effective communication with the franchisee? The discussion part will provide suggestions for improvements in order to make internal communication serve its purpose, which is bringing understanding of organisational values and goals more close to the employees. It also provides knowledge how to deliver the desired brand image to the customers. As findings of the

study maybe shaped by the author's background of working in the researched organization (Creswell 2014), the author of this Master's thesis finds it relevant to acknowledge her history of working in Vihula Manor eco-spa.

2.4.1 Vihula manor ECO-spa employees as ESPA spa brand ambassadors

Franchising is an excellent setting for investigating a variety of issues including, knowledge transfer mechanisms, entrepreneurial orientation, turf issues, inter-organizational interdependencies and autonomy and loosely coupled inter-organizational formats. (Dant et. al., 2011) The challenges that accompany efforts to balance franchisee aspirations for entrepreneurial autonomy with the franchisor's efforts to enforce compliance to operational standards are likely to intensify as the relationship matures, resulting in progressively more conflict (Davies et. al., 2011).

The employees of high- knowledge organizations know what their employers are trying to accomplish. They also know and understand the behaviors that are needed to deliver the desired brand image to organizational constituents. (Mangold & Miles 2007) Spa employees in Vihula Manor Country Club & Spa did not know the executive's plans to make franchising agreement with ESPA International. They were informed after the agreement was signed. This fact revealed from the interviews does not support Ruck & Welch (2012) statement that in a franchising relationship it is important for the employee to identify with the organisation's values and be an advocate of what it does. Employees should be kept very well informed about what is going on in their organisation. Lack of knowledge could have been the reason why both Vihula Manor eco-spa and Kämp Spa Helsinki employees were little bit sceptical when they first found out that ESPA spa brand will be launched in their spas.

Participants were asked to describe what differentiates ESPA brand from other spa brands to see how they have understood the concept behind this brand, as from an internal brand management perspective, it is important how employees perceive the brand, which in turn informs their necessity and willingness to initiate the desired brand attitude and behavior (Xiong et. al., 2013).

When employees understand and are aligned with the core values, they have a better appreciation of their roles and higher commitment to delivering the brand promise, resulting in higher brand performance (Chong 2007) which is why they were also asked to name ESPA's main values. Answers indicated that employees value ESPA as natural brand based on essential oils and it values personal thorough approach to the client. As this is the main message ESPA is emphasising on their webpage it can be concluded that spa employees have a clear understanding of what ESPA brand stands for (ESPA 2014).

Employee knowledge and understanding of the desired brand image is pivotal to the employee branding process. That is, employees must be cognizant of and comprehend the image that the organization wants its customers and other stakeholders to experience (Mangold & Miles 2007). Achieving customer loyalty and a defendable competitive advantage requires employees to consistently meet and satisfy customers' expectations of the brand (Kinga, Kam Fung So, & Gracec 2013). Vihula Manor Country Club & Spa employees understand their role in bringing ESPA values and message to the customers. They are the ones who acknowledge the brand to the customers as therapists are the ones who actually apply products to clients face and body, therefore know what works the best and receptionist is the one who provides additional recommendations on what to purchase for home skincare.

An issue was stressed by the respondents that Vihula Manor eco-spa's concept concentrating on local products and ESPA's focus on luxury and high class do not match. First thought stated that ESPA brand is more suitable in big cities with all the glamour, not into the country side like Vihula Manor Country Club & Spa. Second idea supported that feeling by indicating that because of ESPA, Vihula is losing its true identity and concept of eco-spa what it all is supposed to truly be. This addresses a gap in making employees truly understand how ESPA spa brand will contribute to Vihula Manor Country Club & Spa. Understanding what the desired brand image is and how it is directly linked to the organization's mission and values will help staff make better decisions under conditions that are not explicitly covered in the policy and procedure manual. For example, most service organizations tell employees that customer service is crucial to success; however, the tenets of customer service are not always

communicated or reinforced to workers. Consequently, they must interpret for themselves what constitutes good service and how it should be delivered. (Mangold & Miles 2007)

As customer expectations are based on the promoted brand values, employees must embrace these values to bring the brand promise to life. Not only customers but also employees have to be convinced of the unique and distinctive features of their service offering, as reflected in the brand (Kinga, Kam Fung So, & Gracec 2013). Training provided for the therapists before launching ESPA brand was very effective in their own saying. So the understanding that they are the ones who have the power to deliver the brand promise to customers arrived and skepticism how will clients adopt with the new unknown brand was vanished.

When participants were asked to describe what does ESPA as a brand mean to them personally the answers reflected their feelings towards the products. As skincare specialists they have tried most of the products themselves and for who they suited reflected more positive feelings towards the whole brand. It could be due to their profession that therapist value the brand meaning based on its products and do not consider the other factors like its luxurious interior design and thermal areas, international recognition the brand has gained and the prestigious awards won.

Vihula Manor eco-spa offers other spa brands and treatments in addition to ESPA brand to satisfy clients with different needs and expectations. Employees felt that for them it does not make any difference what kind of brand they are working with, it is the job itself and helping people that they appreciate the most.

If ESPA would like change that thinking of employees that represent their brand they should create more brand ownership among employees (Wirtz 2011). This could be done by making them feel more connected to the brand. As was mentioned in one of the interviews that employees would appreciate the opportunity to go abroad and visit other ESPA spas to get the true experience as the ESPA customer and also to see how other spas are operating, what kind of interior design is used, what are the main obstacles that occur etc. According to ESPA representative they do offer the possibility to experience treatments in their home spa as well as in other ESPA spas. It can be due to the fact that

ESPA brand has been in Vihula Manor eco-spa only for half a year that the employees have not got the opportunity to visit ESPA spas abroad. But this definitely something to consider by Vihula employers for employees to connect more with ESPA brand.

Motivated personnel are prepared to do their best providing a quality for a service, satisfying the customer and their wishes (Sekliuckiene & Langviniene 2009). For the respondents, motivation working in Vihula Manor Country Club & Spa is not related to the brands presented in the spa. They all stated that it is part of their work to bring out the best features of every brand they work with to the client.

Organizations in high-contact service industries should focus their effort on improving employee satisfaction, and satisfied employees will uphold the service quality and ensure customer satisfaction. Employee satisfaction is one of the important considerations for operations managers to boost service quality and customer satisfaction, and plays a significant role in enhancing the operational performance of organizations in high-contact service sectors. (Yee et al. 2008) Although Vihula is located in the periphery with long driving distance from cities and there is relatively high staff turnover in other departments, all of the therapists have been working in the spa more than two years. One of them has been in Vihula since the first day spa opened its doors. All respondents stated that they are happy with their current position.

ESPA spa brand stands for exceptional customer service which is achieved through various standards and policies that employees around the world have to deliver. Maintaining standards is a large part of ESPA's management services and is upheld via regular training sessions in house and from the ESPA Associates, also mystery shopping and other auditing processes.

Before launching ESPA Vihula Manor Country Club & Spa was highly appreciated by the clients as well, mainly because of its cozy, simple and homemade approach. While describing their emotions on getting used to with their new role in providing services to clients based on ESPA standards common understanding among employees occurred on the importance of those standards to be delivered to clients. Strict policies were hard to adapt in the beginning but employees are aware that those are something that define ESPA from other brands.

Considerable issue has occurred related to ESPA policy with clients filling in the consultation form before having a treatment. Respondents felt that there is no need to go through that procedure as it is too time consuming and having a little talk with the client before the treatment will do just fine. A client consultation within the beauty and holistic industry, relating to treatments, has been and should always remain the most important factor of the treatment. It is also significant that each and every part of the consultation form that is completed is gone through with the client. Any client who books in for a beauty or a holistic treatment does so in the expectation that the therapist is a professional and as such they will expect expert advice. A good consultation is absolutely essential as it is at this stage that therapist can discuss the client's needs and to identify any possible contra-indications. Valuable discussion can be achieved whilst the therapist is filling out the form with the client. The industry has a professional responsibility to all clients, to ensure that it provides the best possible treatment from start to finish. It is important to find out what objectives and expectations the client has so that the treatment can be designed to meet their needs. The best way to ensure a happy and satisfied client is to complete a consultation form with their input and for them in its entirety. (Vickers n.d.)

Author of this Master Thesis considers this situation as a cultural difference that occurs in Estonian spa business comparing to other European countries. The situation is that when client goes to have just a regular massage for example in a massage salon it is okay to fill in the consultation form addressing health issues. But when client visits a wellness or spa centre and goes for a treatment over there, it is not understood by client why a health check is needed. This problem could be fixed starting from a higher level, for example Estonian Spa Association could appraise the campaign to educate Estonian people in the importance of consultation forms being filled in before going for a face or body treatment. Given the cultural differences between home and hostmarket, ESPA on the other hand should be adaptable to the current condition in Estonia in their attempt to gain franchisees' trust (Altinay et. al., 2013).

Because of their many years of experience, ESPA International is working hard at overcoming any possible barriers including language and cultural differences. That is also part of the reason for having satellite offices in Asia and the US. ESPA listens very

carefully to their clients` cultural situations and market trends and works together with the franchisee to ensure the business is moving in the right direction.

2.4.2 Vihula Manor eco-spa employees training and development

Success comes much more easily with a standardised, centralised and systematic training strategy in place. Anything less means increased operating costs, staff retention problems. (Matthews & Wells 2008) ESPA international has the whole educational system working flawlessly. Their training, for therapists and the whole spa professional team, is very detailed and exact and this ensures the guest receives the ESPA experience. The E in ESPA stands for Education and Excellence. ESPA trained employees for one week were all the areas concerning ESPA brand concept, standards, rituals and products were covered. Enhancing and developing service providers` skills and competencies in such areas as: ways and means of delivering the service professionally, handling complaints, effective service encounters (the process in which a customer directly interacts with a serviceover a period of time which mainly refers to the interaction between a customer and a service delivery system), customer relationship management, employee positive attitude building, etc. will contribute to the improvement of the quality of services and this in turn will have a positive impact on customer satisfaction and revisit intention. (Awad EL-refae 2012)

As all the employees have previous background and experience in the spa industry, the participants rated training period being very succesful and emotions regarding the course were positive. ESPA had accomplish the aim of internal branding to train and motivate employees to behave in a manner that is intended by the organization and communicated externally to its customers (Kinga et. al., 2013). Franchisor members who communicate directly with franchisees should have the appropriate skills and attitudes to demonstrate their cultural sensitivity towards franchisees (Altinay et al. 2013). All employees who participated in the training expressed positive emotions towards the trainer who was teaching them. Even though they did not speak each other`s language the communication was still very pleasent and productive.

Considerable amount of practice was done by employees before they were allowed to start performing treatments on clients to make sure that they are confident enough.

Which allows to suggest that ESPA is performing its partnership roles effectively through the provision of training and operation support, to gain Vihula Manor eco-spa employees` confidence in their capabilities (Altinay et. al., 2013).

Training is something that needs to be consistent and conducted not only in the pre-opening process. Participants of this research did mention the need for additional training in the near future focusing on product ingredients and their benefits to the skin. Self-development is identified as crucial in enhancing brand equity amongst employees (Nyadzayo et. al., 2011). More than six months have passed since ESPA brand was launched in Vihula spa. Employees feel their development mainly on their higher awareness of spa treatments related specifics like for example skin analysis.

Franchisors must lead by example, suggesting that franchisees become constructive when the franchisor is also supportive (Nyadzayo et. al., 2011). It revealed from the answers that Vihula spa employees have common thinking of themselves as being just simple service providers in a franchising relationship. It did not become clear during conversations why do they feel that but that kind of respond refers to feelings not being appreciated highly enough. The author of this Master`s thesis makes assumption that one of the reasons participants answered this way could be fact that after joining ESPA franchise everything is settled by clear standards and strict operational procedures. The creativity and spontaneity that they used to have is now under somebody else's control. This train of thought is powered by Davies and others (2011) who found in their research that if proactive franchisors wish to generate trust and compliance with operational guidelines, they must provide recognition and rewards not only for high levels of compliance, but also for successful self-directed initiatives taken by the franchisee, even if these may supersede standard operating procedures.

2.4.3 Internal communication between Vihula Manor eco-spa and ESPA International

With regards to information sharing, there is a need for frequent and regular information exchange within franchise channels. In particular, franchisors must ensure adequate provision of support to franchisees, transparent and regular information sharing, well-devised brand architecture strategy, efficient conflict resolution system, avoid use of

coercive influence strategies and promote more social interactions (Nyadzayo et al. 2011). Communication with ESPA and Vihula Manor Country Club & Spa is through ESPA Associate who is offering all kind of support starting from product ordering, marketing activities, implementing brand standards and dealing with everyday operational procedures. None of the employees stressed the necessity of communicating with ESPA contact person personally. This gives a reason to believe that respondents get enough information regarding to ESPA and their daily work assignments. Appropriate and adequate communication channels are vital for a trusting and cooperative relationship (Sarantinoudi & Karamanoli 2013). According to the answers it can be concluded, that ESPA has found the working pattern how to keep stakeholders informed and satisfied. Open and transparent communication at the pre and post stages of the partnership is important to facilitate learning between franchisors and franchisees, offer franchisees a clear sense of direction, enhance relationships, and prevent conflict (Altinay et. al., 2013).

None of the employees questioned for this research had heard about ESPA spa brand beforehand. Most of their knowledge was gained from one week intensive training. After the training they are getting all the operational information from the spa manager, their colleagues and ESPA's webpage. Some of them had joined with ESPA weekly news letter while others claimed that it is not necessary. This is a proof for Welch (2012) findings that beneficial internal communication relies on appropriate messages reaching employees in formats useful and acceptable to them. To be effective, the communication methods need to be appropriate and acceptable to internal stakeholders. Every employee as an individual has its own preferences therefore different communication channels should be used by the franchisor to reach through all of its stakeholders. Franchise systems typically use several different methods of communication. These include: verbal, written, electronic, multi-media, and via third parties. There is not one most effective way in communicating. All methods need to be used for the best results. In addition, it is important to communicate the same message using as many methods as possible because people tend to receive messages in different ways, just as some people learn more effectively by reading than by on-the-job training (IFA Franchise Relations Committee, 2014).

ESPA has over 350 spas in 55 countries around the world, which makes it utopic and also unnecessary for Vihula Manor eco-spa to be informed about how all the other spas are doing. In support of this, ESPA should provide newsletters for spas in the same region for example nearest ESPA spas for Vihula are Helsinki, Riga and Moscow that are distributed within the region every month. The newsletter focuses on practical and operational issues specific to the region. There should also be an international newsletter with general news that is published every two months. This approach ensures franchisees are receiving timely information and that they are not reading irrelevant information or having to search through material to find relevant material (IFA Franchise Relations Committee, 2014).

It would be useful for ESPA to start using Intranet as internal communication tool as this would give franchisees the chance to communicate with each other and with the franchisor (Saleh & Kleiner 2005). While implementing new internal communication tools, Espa should provide Vihula Manor eco-spa employees with the ability to adapt to the technological environment. Communication in a virtual environment, as well as in conventional offices, is essential for obtaining the right information during business processes, including decision-making (Borca & Baesu 2014).

Franchisor often provides franchisee with various marketing support. In Vihula there has quite frequently a situation occurred where there is a new marketing campaign with special offer launched but therapists, as employees who will actually deliver the service, have not been previously informed about the offer. Actually, efforts put by both franchisees and franchisors in the marketing area should complement each other as they have a mutual interest in marketing and advertising the products or service they offer. A good marketing campaign is one that brings to gether the knowledge and resources of both sides. The better knowledge of the product with the better knowledge of the customer, if combined to gether should give a very effective campaign. However, the franchisor should keep some control over the campaign of the franchisees to avoid any misrepresentation of the brand. (Saleh & Kleiner 2005)

For the communication to be effective there must be some element of interactivity, employees will not internalise values simply by being told what they should think and feel (De Chernatony et. al., 2004). Vihula Manor eco-spa employees feel confident in

discussion issues with their direct manager, but they often feel that Vihula executives and ESPA representatives should ask directly for their honest opinion as there are just matters and issues that cannot be delegated via a third party. This is something both Vihula and ESPA top level managers should take into consideration as Nyadzayo and others (2011) found that a major cause of conflict was that franchisees' concerns were ignored. They also stated that failure to resolve conflicts in franchise relationships could lead to problems of non-compliance and opportunistic behaviour.

Listening is an important part of communicating, which is often overlooked. Listening can be a very productive tool and one that effective communicators do well. This is because people who are good listeners have credibility with those delivering the message. (IFA Franchise Relations Committee, 2014)

Communication could be improved by using the communicative tools as opportunities for discussion, consultation and even compromise if the corporate body and the franchisees are to move forward with a single agenda. It would be likely that franchisees will more enthusiastically endorse and support corporate initiatives if they have some ownership and influence over the process. (Davis 2004) Many respondents emphasised the need for an open discussion where the spa team would be present together with ESPA representative.

Employees need to be given regular information about company goals and objectives, plans for the future, achieved results and company perspective (Nikolic et. al., 2013) and the system has to work another way around as well meaning that franchisor has to get regular feedback from the franchisees about how to improve communication methods is essential to maintaining an effective communications program (IFA Franchise Relations Committee, 2014).

After the training employees were asked to fill in the forms to give feedback on training effectiveness. There has been no other way, time or place that they have been asked to give their opinion on how they feel about their work environment, ESPA brand, personal wellbeing or any other issue related to their work in Vihula Manor Country Club & Spa. There is a gap addressed here and this should be eliminated either by asking employees to fill in written forms conducting questions about their feelings and

thoughts regarding to ESPA brand or by having open discussions as employees have stated themselves they would prefer to have face-to face meetings.

As stated by Cho (2004), frequent communication, franchise advisory councils and franchise association have been advocated as most effective in reducing the potential for conflict between franchisors and franchisees. There is one more recommendation the author of this thesis would like to make to improve internal communication in a current franchising relationship: bi-annual international conference open to all franchisees. On the alternate year to the international conference, the regions would hold their own conference with a focus on regional issues and plans. Within the regions there are a series of bread competitions, marketing forums and networking seminars throughout the year where franchisees within the same locality can compete and showcase their skills. The corporate staff organises and facilitates these meetings and use the opportunity to communicate company policy directives and future strategy. (Davis 2004)

It is inevitable that during a performance there will be difficulties occurring. The key lies in the complexity of relationships between franchisors and franchisees (Davies 2011). But there is hardly anything an efficient communication could not overcome. Although most of the Vihula Manor eco-spa employees do not understand or speak English, they rated training provided to them in that language very resultful. This is due to ESPA's professionalism in conducting training to their franchisee. Groups contained four trainees which gave the trainer plenty of time to deal with even the small issues that needed to be adapted regarding every single therapist.

Most of the spas have realised that retail area is as powerful and equal contributor to the business as treatments are. This is also something respondents referred to as being new to them, but despite the rather active approach that ESPA is emphasising Vihula spa staff is adapting relatively well to selling products to their customers. Simintiras and others (2013) suggest that managers should consider how their policies and the structure of the work itself can be adjusted or altered to increase sales persons' affective commitment. One week training period for Vihula Manor eco-spa employees also consisted providing employees with selling techniques. This gives a ground to conclude that ESPA International has realised that implementing the combined elements of the sales into a training process, will increase the likelihood of achieving positive business

results (Jantana et. al., 2004). Respondents of this study stated that although there is a certain pressure to sell more products and increase the sale numbers by ESPA, they have adapted well. This is due to the reality that ESPA products actually work when they are used on clients skin so it is easier to go through the selling steps accommodated by the franchisor as clients show their interest and are keen on buying.

CONCLUSION

The final part of the thesis highlights the important results of the theory and research. Research questions constructed in the beginning of the thesis was the following: how does franchisor ensure an effective communication with the franchisee? Therefore the aim of this study was to analyse internal communication employed by spa franchisor, assesses its effectiveness from employees` perspective, develop an internal communication structure between franchisor and franchisee based on Vihula Manor Eco-spa and ESPA International and proposes some initiatives to assist more effective communication tools in a spa franchising relationship.

All of this was accomplished by completing necessary tasks set in the beginning of this thesis by the author. Examining Vihula Manor Country Club & Spa employees attitude towards ESPA spa brand as employees may say out one thing, but examining the main areas that reflect the effectiveness of internal communication from employees perspective with in-depth interviews will give a true understanding if it is really working. Integrating those answers with middle and top level management opinions gave a complete understanding of the franchising relationship considering every part of the communication chain. Based on the answers an internal communication structure between franchisor and franchisee based on Vihula Manor eco-spa and ESPA International was developed. Given structure highlights the main resources through which spa employees receive and deliver information regarding their everyday work. According to the study, this approach is suitable for every stakeholder in this system and most importantly employees feel that they are part of the brand they represent.

Common definition of franchising state that a franchisor provides know-how, trademarks, business support, training and development, and often trading area exclusivity in return for royalties (ongoing fees), other payments and/or compliance to

rules and standards to the franchisee (Wright & Frazer 2007). Franchising is an excellent setting for investigating interorganizational interdependencies, formats and knowledge transfer mechanisms (Dant 2011). Implementing communication systems, into any organization, that are efficient, effective and timely is challenging. Achieving this in a large, international franchise organization presents additional challenges (Davis 2004).

Because of the unique characteristics of hospitality products, employees play a crucial role in presenting brand value to customers. As such, hospitality organizations commonly adopt internal branding practices to align employees' attitude and behavior to the externally communicated brand standard. (Xionga, L., Kinga, C., Piehlerb, R. 2013) Perhaps never have employees played a more critical role in organizational success than in an emerging experience economy. In such economy, the consumer is a guest who is looking for a highly personal and memorable contact with the brand (Chong 2007).

Great brands are built top down, bottom up, inside out. This means that long before external communications to a franchise network's consumers begin, internal audiences, including existing franchisees and dealers, must have a deep and clear understanding of the brand. The local dealer and franchise location is where the brand is delivered and experienced and in that sense, a particular franchise location is the brand. If even one franchisee does not have a firm grasp of the franchise concept that defines the brand, the entire network is at risk. (Letwin 2011) As ambassadors of the brand, franchisees should live the brand and strive to communicate positive aspects of the brand to consumers. As a result, a good relationship between the franchisee and franchise brand was regarded as fundamental in safeguarding brand identity (Nyadzayo 2011).

The key to accomplish a good franchising relationship lies in the art of managing information transfer between franchisor and franchisee. Creating efficient and effective internal communication is not an easy process. Managers of different levels need to communicate goals and tasks to employees, while the employees need to understand their tasks in order to be able to help achieve the goals of the organization (Borca & Baesu 2014).

It is one thing how employees talk about their employer, the brand they work with and about the way things are happening inside their organisation. But in order to really get an objective understanding of how efficiently has franchisor succeeded in internal branding it is necessary to ask additional questions from employees. Those questions are formed by the author of this Master`s thesis based on article by Ruck & Welch (2012) who adressed the main areas to research that will give an insight of employees`communication needs. Those areas were adapted by the author according to previous theoretical findings and as an outcome five key themes, to investigate employees satisfaction with internal communication and map the needs for improvement, were developed: identification; employees role and satisfaction; training and development; support and communication, difficulties occuring during performance.

Based on the findings of this study, it can be noted that wether spa employees identifie themselves with the spa brand they work with depends very much on their personal experiences of how well do the products of a certain brand suit for their skin. If employees love to use them at home themselves, they feel more connected to the brand and are more willing to pass the brand values on to customer. Although there is not much difference in their action in case the products are not suitable for their on personal use as it is part of their job to work with different spa brands and they have to deliver the best side of the brand to the customer. Even if their personal preference would be something else, most of the time they are not the ones deciding what kind of brand their employer decides to cooperate with.

The outcome of this study reveals that Vihula Manor eco-spa employees understand ESPA spa brands` main values and acknowledge the message to be passed on to clients, which gives the basis to conclude, that the franchisor has been effective in internal branding.

Distinctive opinions occured during interviews, among spa employees regarding ESPA spa brands`suitability to Vihula Manor Country Club & Spa, show clearly that there is a lack of work left undown by Vihula Manor executives in explaining the reason behind joining ESPA franchise and how it will contribute to Vihula Manor eco-spa`s business. Vision made definite to spa employees will help them to realise the connection between

Vihula and ESPA and pass it on to customers. At the moment there is an understanding of ESPA as a spa brand itself but not the linkages that connect it with Vihula Manor Country Club & Spa. In order to distinguish that gap employees could be given an opportunity to visit other ESPA spas abroad, for example ESPA Riga in Latvia. Visits to similar spas could help employees to realise how Vihula Manor eco-spa is benefiting from the cooperation with the ESPA spa brand.

This study showed an overall satisfaction among spa staff to be working in Vihula, proof to that is the fact that all of them have been working there for more than two years. They enjoy their role providing face and body treatments to people who come to seek for relaxation in Vihula, despite of the spa brand they are currently working with.

Training provided by the franchisor was intense, intimate and successful, as stated by the participants. Over the six months after establishing the franchise agreement employees feel development in product knowledge and confidence in providing ESPA spa treatments. It is in humans' nature to continue evolving and therefore employees would appreciate a follow-up training to gain new attainments especially in the diverse world of skincare products. The outcome of this study indicates that a fundamental part of successful internal branding in the franchising relationship lies on the training provided by the franchisor to the employees of the franchisee. ESPA International is performing its partnership roles effectively through the provision of training and operation support, to gain Vihula employees' confidence in their capabilities (Altinay et. al., 2013).

This study also revealed that there is some lack of interactivity in the current franchising relationship. Employees feel that their opinion is not inquired often enough. The only feedback form employees have been asked to fill in was after the training sessions and it involved issues considering their satisfaction with the training. During the six months period no other format of information concerning feedback on the ESPA brand and everyday operational procedures in Vihula spa has been asked from employees. In a well functioning franchising relationship interactivity is essential for success, so ESPA should gather information from employees about how they have adapted with ESPA's operational procedures, standards, treatments and etc. This could be done through the spa manager who could ask staff to fill in the forms and then would deliver them to ESPA representatives. Employees are satisfied with the current

communicational hierarchy and their main channels for getting information about ESPA are their direct manager, colleagues and ESPA's webpage.

A key outcome of this study is an internal communication structure in a spa franchising relationship developed by the author (see Figure 1). In addition to those channels possessed in the structure, this study suggests that ESPA could use some alternative tools to reach to their internal audience. Communication could be improved by using the communicative tools including the Intranet which would give franchisees the chance to communicate with each other and with the franchisor. Newsletters for spas in the same region for example nearest ESPA spas for Vihula are Helsinki, Riga and Moscow that are distributed within the region every month. There should also be an international newsletter with general news that is published in every two months. Bi-annual regional conference and international conference open to all franchisees on the alternate year would hold franchisees related to the whole franchising system.

It is inevitable that during a performance there will be difficulties occurring. But there is hardly anything an efficient communication could not overcome. According to the findings of this study, ESPA has established spa employees' commitment on selling products due to fixed policies and effective selling techniques of the brand. Products instant visible results on client skin provide essential basis to implement necessary steps for desired sales results.

The most stressful outcome of this study indicated a considerable issue related to ESPA policy with clients filling in the consultation form before having a treatment. Even though manager has tried to implement this standard to spa employees they still feel that there is no need to go through that procedure as it is too time consuming and having a little talk with the client before the treatment will do just fine. This problem occurs not only in Vihula Manor eco-spa, but most of the spas in Estonia do not require clients to fill in the form. Solution to this situation is not a fast one. Both spa employees and customers need to be educated step by step with the importance of consultation form, the author of this thesis suggests this issue to be fixed by Estonian Spa Association.

This Master`s thesis did not find any major conflicts occurring between franchisor and franchisee. This, and also previous statements made in this chapter, make a solid ground to indicate that ESPA Internationals` internal communication with Vihula Manor Country Club & Spa has been well planned and established. It is effective in terms of content and considerable towards employees needs as they are the ambassadors of ESPA spa brand. Communication between ESPA and Vihula Manor eco-spa is working very well, both the franchisor and the franchisee are satisfied. It reveals from this research that there are some issues occurring with the information transfer inside Vihula Manor Country Club & Spa itself, between spa and executives and also between spa and other departments. Based on that finding the author identifies the need to further investigate the internal communication solely inside Vihula Manor Country Club & Spa, as this Master`s thesis focuses on the relationship between franchisor and franchisee.

Future research in a spa franchising industry could focus on clients perspective based on different geographical and economical environments. It would be interesting to find out how do clients evaluate and appreciate the international spa brand and how do their expectations resemble or differentiate whether they are spa clients in Estonia, visiting ESPA branded spa in Vihula Manor Country Club & Spa, spa clients in Russia, visiting ESPA at The Ritz Carlton Moscow or spa clients in Singapore, visiting Reosrts World Sentosa.

As the research was based on one spa case the author of the thesis recognises that it has its limitations. No generalisation about internal communication systems applied in spa franchising systems can be stated. Variety of spa franchisors could be using totally different approaches to their internal communication in order to achieve the effectiveness of internal branding and those could be working purposefully as well. Spa owners and managers who sense that there is a lack of productive communication tools working in their spa could use the outcome of this thesis to make positive changes in their organisation. The local stakeholders who are looking for future franchising opportunities to boost their spa businesses with international expertise, could use the outcomes of this thesis to map possible difficulties that may occur in the franchising relationship and apply the internal communication structure developed by the author to

assure effective communication in a spa franchising relationship. In addition to students studying spa and wellness business and management, this Master`s thesis could also be useful for spa industry leaders as spa franchising is a very relevant issue constantly discussed in various industry events, but has not yet found as much attention in the academic field. The author of this thesis is optimistic that her work will give more insight into this extremely interesting and diverse business model spreading widely in the spa industry.

REFERENCES

- Altinay, L., Brookes, M., Aktas, G. (2013). Selecting franchise partners: Tourism franchisee approaches, processes and criteria *Tourism Management*, (37) 176-185
- Altinay, L., Brookes, M., Madanoglu, M., Aktas, G. (2013). Franchisees' trust in and satisfaction with franchise partnerships. *Journal of Business Research*, 67 (5) 722–728
- Athanasios, K., Polymeros, C. (2014). The effects of service brand dimensions on brand loyalty. *Journal of Retailing and Consumer Services*, (21) 139–147
- Awad EL-refae, B. A. A. G. (2012). The Relationships between Service Quality, Satisfaction, and Behavioral Intentions of Malaysian Spa Center Customers. *International Journal of Business and Social Science*, 3 (1)
- Baytok. A., Soybali, H. H., Zorlu, O. (2013). Outsourcing in Thermal Hotel Enterprises: The Case of Turkey. *Business Management Dynamics*, 3 (5) 01-14
- Borca, V., Baesu, V. (2014). A Possible Managerial Approach for Internal Organizational Communication Characterization. *Procedia - Social and Behavioral Sciences* (124) 496 – 503
- Brookes, M., Roper, A. (2011). International master franchise agreements: An investigation of control from operational, relational and evolutionary perspectives. *European Journal of Marketing*, (45) 7-8
- Chen, K-H., Liu. H-H, Chang, F-H. (2013). Essential customer service factors and the segmentation of older visitors within wellness tourism based on hot springs hotels. *International Journal of Hospitality Management*, (35) 122– 132

- Cho, M. (2004). Factors contributing to middle market hotel franchising in Korea: the franchisee perspective. *Tourism Management* (25) 547–557
- Chong, M. (2007). The Role of Internal Communication and Training in Infusing Corporate Values and Delivering Brand Promise. *Corporate Reputation Review Volume* 10 (3) 201–212
- Chun-Man Cheung, B. (2011). A Study of the Interrelationship of Spa Guests` Motivation, Perceived Service Quality, Value, Satisfaction, and Behavioral Intentions. *Submitted to the Faculty of the Graduate College of the Oklahoma State University in partial fulfillment of the requirements for the Degree of Doctor of Philosophy.*
- Clarkina, J. E., Swavelyb, S. M. (2006). The importance of personal characteristics in franchisee selection. *Journal of Retailing and Consumer Services*, (13) 133–142.
- Croswell, J. W. (2014). Research Design: Qualitative, Quantitative, and Mixed Methods Approaches. *Sage Publications, Inc.*
- Dant, R., P., Grünhagen, M., Windsperger, J. (2011). Franchising Research Frontiers for the Twenty-First Century. *Journal of Retailing*, 87 (3) 253–268.
- Davis, P. J. (2004). Effective communication strategies in a franchise organization. *Corporate Communications: An International Journal* Vol. 9 No. 4, pp. 276-282
- Davies, M. A. P., Lassar, W., Manolis, C., Prince, M., Winsor, R. D. (2011). A model of trust and compliance in franchise relationships *Journal of Business Venturing* (26) 321–340.
- De Chernatony, L., Drury, S., Segal-Horn, S. (2004). Services brands` values: internal and external corporate communication. *Academy of Marketing Conference*. Cheltenham, UK.
- Eforea: spa at Hilton. *Eforea: spa at Hilton*. Retrieved May 14, 2014. <http://hiltonglobalmediacenter.com/assets/HILT/docs/eforea/eforeaFactSheet.pdf>

- Elo, S., Kääriäinen, M., Kanste, O., Pölkki, T., Utriainen, K., Kyngäs, H. (2014). Qualitative Content Analysis: A Focus on Trustworthiness. DOI: 10.1177/2158244014522633 Published 11 February 2014
- Ekber, A. (2013). An Emerging Consumer Experience: Emotional Branding. *Procedia - Social and Behavioral Sciences*, (99) 503–508.
- Erlingsson, C., Brysiewicz, P. (2013). Orientation among multiple truths: An introduction to qualitative research. *African Journal of Emergency Medicine*(3), 92–99.
- ESPA International (2014). *ESPA International* Retrieved May 05, 2014, from About ESPA: <http://www.espaskincare.com/about-espa/>
- Espino-Rodriguez, T.F., Padron-Robaina, V. (2005). A resource-based view of outsourcing and its implications for organizational performance in the hotel sector. *Tourism Management*, (26) 707–721.
- Estonian Spas (2014). *Estonian Spas* Retrieved May 14, 2014, from Members: http://www.estonianspas.eu/en/liikmed/pohja_eesti
- Fenard, E. (2014). *Finding the Right Spa Partner*. Retrieved May 05, 2014, from https://hotelexecutive.com/business_review/322/finding-the-right-spa-partner
- Frazer, L. (2008). Inquiry into Franchising Code of Conduct. *Asia-Pacific Centre for Franchising Excellence Griffith University to Parliamentary Joint Committee on Corporations and Financial Services*.
- Frazer, L., Giddings, J., Weaven, S. K., Wright, O. (2007). Searching for Answers: The Cause and Resolution of Conflict in Franchising. <http://hdl.handle.net/10072/17210>
- Gustavo N., S. (2010). A 21st century approach to health tourism spas: The case of Portugal [Special section]. *Journal of Hospitality and Tourism Management*, 17, 127–135.

Hermansson, F., Larsson, J. (2005). The Service Branding Model- Small Service Firms' Approach to Building Brand Equity. *Master's Thesis within Marketing*, Date: 2005-05-27

Hilton Worldwide (2014). *Hilton Worldwide*. Retrieved May 14, 2014, from Career News & Events Details: <http://jobs.hiltonworldwide.com/en/news-events/news-event-details/hilton-worldwide-set-to-enter-estonia-with-the-signing-of-hilton-tallinn-340?cntry=united-states>

Hjalager, A-M., Konu, H. (2011) Co-Branding and Co-Creation in Wellness Tourism: The Role of Cosmeceuticals, *Journal of Hospitality Marketing & Management*, 20:8, 879-901

Hodari, D., Waldthausen, Sturman, M. (2014). Outsourcing and role stress: An empirical study of hotel spa managers. *International Journal of Hospitality Management*, (37) 190– 199.

Hong-Bumm K., Woo Gon K. (2005). The relationship between brand equity and firms' performance in luxury hotels and chain restaurants. *Tourism Management*, (26) 549–560.

Hudson, Kath (2011). Ask an expert...Franchising. *Spabusiness.com/digital*, (3) 22-24.

IFA Franchise Relations Committee. *Improved Communications Means Improved Franchise Relations*. Retrieved May 05, 2014, from: <http://www.franchise.org/files/FRC%20HandbookX.pdf>

Jantana, M. A., Honeycutt, E. D., Thelenc, S. T., Attiad, A. M. (2004). Managerial perceptions of sales training and performance. *Industrial Marketing Management*, (33) 667– 673.

Kam Fung So, K., King, C., Sparks, B. A., Wang, Y. (2013). The influence of customer brand identification on hotel brand evaluation and loyalty development. *International Journal of Hospitality Management*, (34) 31– 41.

- Kinga, C. C., Kam Fung So, K., Gracec, D. (2013). The influence of service brand orientation on hotel employees' attitude and behaviors in China. *International Journal of Hospitality Management* (34) 31– 41.
- Leah, M. Omilion-Hodges, L. M., Baker, C. R. (2014). Everyday talk and convincing conversations: Utilizing strategic internal communication *Business Horizons*, 57, 435—445
- Lee, J. T. (2011). Role of Hotel Design in Enhancing Destination Branding. *Annals of Tourism Research*, 38 (2) 708–711.
- Leonard L. B., Kent D. S. (2007). Building a strong services brand: Lessons from Mayo Clinic. *Business Horizons*, (50) 199–209.
- Letwin, J. (2011). Effective Marketing Communications for Franchisors. *FranchiseVoice*.
- Louhiala-Salminen, L., Kankaanranta, A. (2012). Language as an issue in international internal communication: English or local language? If English, what English? *Public Relations Review*, 38 262– 269.
- Loureiro, S. M. C., Almeida, M., Rita, P. (2013). The effect of atmospheric cues and involvement on pleasure and relaxation: The spa hotel context. *International Journal of Hospitality Management* , (35) 35– 43
- Mandara Spa (2014). *Mandara Spa* Retrieved May 14, 2014, from Corporate information: <http://www.mandaraspas.com/main/Page.aspx?PageID=219>
- Mangold, W. G., Miles, S., J. (2007) The employee brand: Is yours an all-star? *Business Horizons*, (50) 423–433
- Matthews, J., Wells, D. (2008). SPA chain operations: the experience of the Mandara Group, a division of Steiner Leisure Limited. In Cohen, M., & Bodeker, G. *Understanding the global spa industry. Spa management*. (pp. 151-170). Oxford: Elsevier Ltd.

- Merrilees, B., Frazer, L. (2013). Internal branding: Franchisor leadership as a critical determinant. *Journal of Business Research*, (66) 158–164.
- Mittelstadt, P. (2008). Measuring gaps in customer service at spas: Are we offering our customers what they want? *UNLV Theses/Dissertations/Professional Papers/Capstones*. Paper 620.
- Mohammad, A., Elham V., Mohammad S. K., Mahdi P. (2014). An examination of the relationship between Services Marketing Mix and Brand Equity Dimensions. *Procedia - Social and Behavioral Sciences*, (109) 865 – 869.
- Mohd R. J., Mohd H. H., Muhammad I. Z. (2013). Customer-Based Psychology Branding. *Procedia - Social and Behavioral Sciences*, (105) 772 – 780.
- Moretti, F., Van Vliet, L., Bensing, J., Deledda, G., Mazzi, M., Rimondini, M., Zimmermann, C., Fletcher, I. (2011). A standardized approach to qualitative content analysis of focus group discussions from different countries. *Patient Education and Counseling*, (82) 420–428
- Nikolica, M., Vukonjanskia, J., Nedeljkovicb, M., Hadzicb, O., Tereka, E. (2013). The impact of internal communication satisfaction dimensions on job satisfaction dimensions and the moderating role of LMX. *Public Relations Review*, (39) 563– 565.
- Nyadzayo, M. W., Matanda, M. J., Ewing, M. T. (2011). Brand relationships and brand equity in franchising. *Industrial Marketing Management* (40) 1103–1115
- O'Neill, J. W., Carlbäckb, M. (2011). Do brands matter? A comparison of branded and independent hotels' performance during a full economic cycle. *International Journal of Hospitality Management*, (30) 515–521.
- Paswan, A. K., Wittmann, C. M. (2009). Knowledge management and franchise systems. *Industrial Marketing Management*, (38) 173–180.
- Perez, K. Retrieved May 14, 2014. http://www.kristinaperez.com/wp-content/uploads/2010/10/espa_FIN.pdf

- Qu, H., Hyunjung Kim, L., Hyunjung Im, H. (2011.) Model of destination branding: Integrating the concepts of the branding and destination image. *Tourism Management*, (32) 465-476.
- RedDoor Spa (2014). *RedDoor Spa*. Retrieved May05, 2014, from Services: <http://www.reddoorspas.com/services>
- Ruck, K., Welch, M. (2012). Valuing internal communication; management and employee perspectives. *Public Relations Review*, (38) 294– 302
- Saif Saleh, Brian H. Kleiner, (2005) Effective franchise management. *Management Research News*, 28 (2/3) 74 - 79
- Sarantinoudi, I., Karamanoli, M. (2013). Information transfer through training in franchising enterprises. *Procedia - Social and Behavioral Sciences*)73) 625 – 633
- Sekliuckiene J., Neringa Langviniene, N. (2009). Service perspectives in healthiness and sport tourism in Lithuania: Case of Spa. *Economics & Management*, 14.
- Simintiras, A. C., Kemefasu, I., Watkins, A., Georgakas, K. (2013). Antecedents of adaptive selling among retail salespeople: A multilevel analysis. *Journal of Retailing and Consumer Services*, (20) 419–428
- Six Senses Spa (2014). *Six Senses Spa*. Retrieved May 14, 2014, from Development: <http://www.sixsenses.com/about-us/six-senses-evason-development>
- Steiner Spa Consulting (2014). *Steiner Spa Consulting*. Retrieved May 14, 2014, from Hotel spa specialists: <http://www.steinerspaconsulting.com/hotel-spa-specialists/>
- Supapol, A. B., Barrows, D., Barrows, A. (2007). Canadian Health and Wellness Tourism: Obstacles Impeding International Competitiveness. *The Innovation Journal: The Public Sector Innovation Journal*, Volume 12(3), Article 12
- Soobin, S., Soo Cheong (Shawn), J. (2013). The roles of brand equity and branding strategy: A study of restaurant food crises. *International Journal of Hospitality Management*, (34) 192– 201.

Spas and the Global Wellness Market: Synergies and Opportunities, prepared by SRI International, May 2010.

Tabacchi, M. H. (2010). Current Research and Events in the Spa Industry. *Cornell Hospitality Quarterly*, 51 102.

Terry, Liz (2014).Franchises are reshaping the market. *Spabusiness.com/digital*, (2) 5.

Vallaster, C., Lindgreen, A. (2013). The role of social interactions in building internal corporate brands: Implications for sustainability. *Journal of World Business*, (48) 297–310.

Vickers, D. The Beauty & Holistic Industry Consultation forms: The importance of correctly completing consultation forms for clients.

Vihula Manor Country Club & Spa (2014). *Vihula Manor Country Club & Spa*. Retrieved May 05, 2014, from Eco-spa: <http://vihulamanor.com/en/content/eco-spa>

Walker, Tom (2011). Swissôtel to roll out Pürovel spa brand. *Spabusiness.com/digital*, (3) 20.

Weaven, S. K., Frazer, L., Giddings, J. (2010). New perspectives on the causes of franchising conflict in Australia. *Asia Pacific Journal of Marketing and Logistics*, Vol. 22 No. 2,135-155.

Welch, M. (2012). Appropriateness and acceptability: Employee perspectives of internal Communication. *Public Relations Review*, (38) 246– 254.

Welsh, D. H. B., Alon, I. (2014). Franchising around the world in developed economies: a historical perspective.

Whitla, P., Walters, P. G. P., Howard Davies, H. (2007). Global strategies in the international hotel industry. *Hospitality Management*, (26) 777–792.

Wirtz, J. (2011) The Banyan Tree: branding the intangible. Emerald emerging markets case studies, 1 (1) .

Wright, O. Frazer, L. (2007). A Multiple Case Analysis of Franchised Co-branding. *Australasian Marketing Journal*, 15 (2).

Xiong, L., King, C., Piehler, R. (2013). “That’s not my job”: Exploring the employee perspective in the development of brand ambassadors. *International Journal of Hospitality Management* 35 (2013) 348– 359

Yee, R. W. Y., Yeung, A. C. L., Cheng, T.C.E (2008). The impact of employee satisfaction on quality and profitability in high-contact service industries. *Journal of Operations Management* (26) 651–668.

APPENDICES

Appendix 1. In-depth interview questions to Vihula Manor eco-spa employees

1. Do you know what was the reason for taking ESPA into Vihula? *Kas Sa tead mis olid peamised põhjused, miks Vihula spaa liitus ESPA frantsiisiga?*
2. Are you aware of how the business is performing financially? *Kas Sa oled teadlik, kuidas spaal majanduslikult läheb? Kas eelarvelised eesmärgid on täidetud?*
3. Please describe what differentiates ESPA brand from other spa brands? *Palun kirjelda lühidalt mis eristab ESPA brändi teistest spaa brändidest?*
4. What are ESPA brand main values? *Mis on ESPA brändi põhiväärtused?*
5. What is your role in bringing those values to the customers? *Mis on Sinu roll nende väärtuste edastamisel klientidele?*
6. Please describe, what does ESPA as a brand mean to you? *Mida tähendab ESPA bränd Sinu jaoks?*
7. Do you feel like there is any cultural differences between you and the ESPA brand? *ESPA spaabränd on pärit Inglismaalt, kas Sa tunned, et esineb Sinu jaoks mingeid kultuurilisi erinevusi?*
8. Could you please describe your feelings and emotions towards ESPA brand in comparison to other brands used in Vihula spa? *Kirjelda oma tundeid/mõtteid seoses ESPA brändiga, kuidas sa suhtud ESPA brändi võrreldes teiste brändidega mis on Vihula spaas kasutusel?*
9. How long have you been working for Vihula? *Kui kaua oled Sa Vihula spaas töötanud?*
10. Are satisfied with your current position? *Kas Sa oled oma praeguse töökohaga rahul?*
11. Have you thought about quitting your job in the last six months? *Kas Sa oled mõelnud töökoha vahetamise peale viimase kuue kuu jooksul?*
12. What have been the reason you have thought of quitting your job? *Miks Sa oled mõelnud töökoha vahetamise peale?*
13. Was it easy for you to adapt with ESPA standards and policies? *Kas uute teenindusstandarditega oli lihtne kohaneda?*
14. Please describe your feeling towards ESPA standards and policies? *Kuidas suhtud ESPA teenindusstandarditesse ja hoolitsuste läbiviimise protokollile? Kas Sinu suhtumine on kuue kuu jooksul kuidagi muutunud?*
15. Are you happy to be working for ESPA? *Kas sa oled rahul, et ESPA bränd on Vihula spaas?*

16. What is your motivation to work for ESPA? *Mis motiveerib Sind ESPA brändi jaoks töötama?*
17. What have been the most difficult part for you in providing ESPA services and values to the customers? *Mis on olnud Sinu jaoks kõige raskem ESPA hoolituste teostamisel klientidele ja ESPA väärtuste esindamisel?*
18. What kind of training did ESPA provide you with before launching? *Palun kirjelda kuidas nägi välja ESPA poolne koolitus?*
19. Was the training provided before ESPA launching enough for you? *Kas ESPA poolt korraldatud koolitus oli Sinu jaoks piisav?*
20. Do you feel yourself confident while performing ESPA treatments to customers? *Kas sa tunned klientidele ESPA hoolitsusi tehes ennast kindlalt?*
21. Do you feel yourself confident enough while selling ESPA products? *Kas Sa tunned klientidele ESPA tooteid müües ennast kindlalt?*
22. How would you describe your development in these six months when you have been working with ESPA? Do you feel that you have developed personally? *Nendele kuuele kuule tagasi vaadates, kas Sa tunned isiklikku arengut? Kui jah, siis mis valdkonnas?*
23. Do you feel the need for additional training? If yes, then please name in what areas would you like to have it? *Kas Sa tunned, et vajaksid veel lisakoolitust? Kui jah, siis mis valdkonnas täpsemalt?*
24. Is there an incentive programme in your spa? *Kas ESPA poolt on Sinu jaoks boonussüsteem kus Sind tunnustatakse eduka töö eest?*
25. Do feel like there is enough support from ESPA? *Kas Sa tunned, et ESPA poolt on Sinu jaoks piisavalt toetust?*
26. Is there enough support from executives? *Kas sa tunned Vihula juhtkonna poolt piisavalt toetust?*
27. Do you feel like you get enough information regarding ESPA brand? *Kas sa tunned, et Sul on ESPA brändi kohta piisavalt informatiooni?*
28. Where do you get most of the information about ESPA? What kind of communication channels are used? *Kust Sa peamiselt saad infot ESPA brändi kohta? Milliste kanalite kaudu?*
29. How often do you receive information from ESPA? Is it enough? *Kui tihti jõuab Sinuni uus info ESPA brändi kohta? Kas Sa sooviksid infot saada tihedamini või hoopis harvemini?*
30. Are you informed about new marketing campaigns etc. well enough? *Kas Sa oled teadlik kui tehakse näiteks uus eripakkumine?*
31. How do you feel about the contact person from ESPA side? *Kas Sina puutud kokku ESPA kontaktisikuga? Kas tema poolt tulev toetus ja konsultatsioon on piisavad?*
32. What kind of communication methods would you prefer so that the communication would be productive? *Milliseid vahendeid töötajad eelistaksid, et suhtlus oleks produktiivne?*
33. Is there any technological tools you can use in order to communicate with ESPA? *Milliseid tehnilisi sidevahendeid saad Sina kasutada, et ESPA tegemistega rohkem kursis olla?*
34. What kind of information would you prefer to receive? *Millist informatsiooni sa sooviksid ESPA käest saada, millest hetkel veel jääb puudu?*

35. How often do you get information, do you feel that it is enough? *Kui tihti jõuab Sinuni uus info ESPA tegemiste kohta, kas see on piisav?*
36. How would you describe the relationship between ESPA and Vihula? *Kuidas Sa kirjeldaksid ESPA ja Vihula vahelisi suhteid?*
37. Do you express your ideas and feelings for improvement? Are they taken into consideration? *Kas Sa avaldad oma arvamust, kuidas spaa igapäevatööd seoses ESPA`ga paremaks muuta? Kas Sinu ettepanekuid võetakse arvesse?*
38. Do you feel like you are a part of this brand? *Kas Sa tunned, et oled väärtsulik osa ESPA brändist?*
39. Have you filled out any feedback form, do you feel like you have somth to say? *Kas Sul on palutud täita tagasiside lehte või palutud avaldada oma arvamust ESPA brändi osas mingil muul moel?*
40. Do you feel like there has been any conflicts between ESPA and you/the whole Vihula team? *Kas on esinenud mingeid konflikte selle kuue kuu jooksul, mil ESPA bränd on olnud spaas esindatud?*

Appendix 2. In-depth interview questions to Kämp Spa Helsinki assistant spa manager

1. Why did you spa decide to sign a franchise agreement with ESPA?
2. Please name Kämp spa's target markets/ segments? Did your treatment menu change after joining ESPA? If yes, What did ESPA change in your treatment menu? Did you have any say in this, did ESPA consider your ideas and propositions for it? What kind of training did your team receive from ESPA before launching?
3. How does Kämp Spa motivate their personnel?
4. Could you please give an overview of new employee selection process?
5. To what extent does ESPA let you to participate in decision making processes?
6. Does ESPA allow you to sell other spa products and treatments in addition to ESPA as well?
7. Does ESPA dictate the price for treatments and products?
8. Does ESPA have any restrictions on methods of operation: spa opening hours, employee uniforms, advertisements etc.?
9. ESPA is not well known in Finland, what kind of sales and marketing support does ESPA provide you with in order to reach target markets?
10. How do you keep in touch with ESPA?
11. How often do you keep in touch with ESPA?
12. How would you describe your relationship with ESPA person?
13. What kind of difficulties have occurred after signing a franchisee agreement?
14. Is there any cultural differences you feel between Kämp spa staff and ESPA?
15. Has there been any kind of conflicts since the franchising agreement was made?
16. Have you ever felt there has been a conflict of interest since the franchising agreement was made? For example when there are various product lines in the spa etc.
17. Please describe your role being the so called „middle man“ between Kämp spa and ESPA? Have you felt any kind of pressure due to that?
18. Do you feel like there is enough support and consultation from ESPA side?
19. Do you happen to know, was it your initiative to take ESPA into Kämp Spa, or did ESPA representatives contact Kämp Spa?
20. Do you have one specific person from ESPA that you keep in touch with?
21. Who is mostly communicating with ESPA representative, is it you (the assistant spa manager) or is it spa manager or is it maybe somebody from the reception staff?
22. How did Kämp Spa employees (therapists and receptionists) react when new spa brand was launched? Did they approve it well from the beginning or were they little skeptical at first?
23. How do employees feel about the Active Retail approach that ESPA has? Was it hard for them to get used to it?

Appendix 3. In-depth interview questions to Senior Associate in spa operations in ESPA International

1. What makes ESPA such a strong spa brand and differentiates it from other spa brands?
2. How does ESPA ensure that their clients get the actual experience like the brand promises?
3. What tools do you use to maintain service standards?
4. Please give an overview of your auditing procedures?
5. How does ESPA keep control of its ever growing portfolio? Please give an overview of ESPA's company structure.
6. How do you make sure that all in your spas all over the world employees are delivering the ESPA values and standards at all time while serving the customers?
7. Please describe ESPA's internal branding to train and motivate employees?
8. Please describe ESPA's internal learning systems and how do you manage it?
9. How does ESPA motivate their personnel?
10. Do you allow your spas to sell other spa products and treatments in addition to ESPA as well?
11. What kind of sales and marketing support does ESPA provide Vihula with in order to reach target markets? Can franchisees decide themselves what kind of marketing activities they want to use?
12. How does ESPA keep in touch with their franchisees?
13. How often does ESPA keep in touch with their franchisees?
14. What kind of difficulties have occurred before or after signing a franchisee agreement?
15. Has there been any conflicts between ESPA and its franchisees?
16. How does ESPA handle cultural differences between franchisor and franchisee?
17. How do you choose franchisor members (ESPA employees) who communicate directly with franchisees? Do you have any special requirements for them?
18. How does ESPA ensure that there is a two-way communication in a franchising relationship?
19. How do you feel, is the communication with franchisees effective enough?

RESÜMEE

SPA FRANTSIISETTEVÕTETE VAHELINE SISEMINE KOMMUNIKATSIOON ESPA INTERNATIONAL NÄITEL

Triin Veideman

Kiire töögraafiku ja suure stressitaseme tõttu on inimeste fookus üha enam tervise parendamisel ja individuaalsel heaolul, mis innustab neid ka regulaarselt kasutama massaaže ja teisi spaateenuseid. Kui igapäevaelu pakub pidevaid pingeid on spaad just need kohad, kuhu argimurede eest peitu pageda, et nii vaimselt kui ka füüsiliselt lõõgastuda. Regulaarsed spaakülastajad on teadlikud mida spaateenustelt oodata, ning nad on vaid äärmiselt kvaliteetse teenuse eest nõus väärilist hinda maksma ja seda spaad ka korduvalt külastama. (Chun-Man Cheung 2011) Tihe konkurents spaasektoris paneb spaaettevõtteid leidma uusi võimalusi kuidas parandada nende poolt pakutavaid tooteid ja teenuseid, samas kulusid vähendades. Kui enda teadmistest ja kogemustest enam ei piisa, otsivad spaajuhid ja omanikud väärtuslikku infot väljapoolt enda ettevõtet, ning on nõus selle nõu eest ka vastavat hinda maksma.

Aasta 2011 oli frantsiisiettevõtetele spaasektoris läbimurde aastaks (SpaFinder 2011). Kolm aastat hiljem on frantsiisimine jätkuvalt tugev trend, kus mitmed uued spaafrantsiisi mudelid pakuvad kvaliteetset kaubamärki, tunnustust pärvinud disaini, spaahoolitsusi ja spaapakette, täitmaks klientide soove, kes hindavad mugavalt äratuntavad ja järjepidevad spaakogemust (SpaFinder 2014).

Üks tuntumaid ja tunnustatumaid spaafrantsiisiettevõtteid Euroopas kannab nime ESPA International. ESPA spaade portfelli kuulub üle 350 spaa 50-nes eri riigis üle maailma. ESPA on treeninud rohkem kui 3500 spaa teenindajat ja pakub üle kolme miljoni spaahoolitsuse aastas. Kombinatsioon ekspertide teadmistest, kogemusest ja

pühendumisest, on neile võitnud üle 125 tunnustatud auhinda viimase kolme aasta jooksul. (ESPA 2014) Vihula Mõisa öko-spaa asub Eestis, Lääne-Virumaal, Lahemaa Rahvuspargis, kombineerides mõisalikku ajaloolist hõngu ja luksust, traditsioone ja kaasaegseid mugavusi, öko-teadlikkust ja iidseid spaa rituaale. Oktoobris 2013 sõlmiti frantsiisileping Vihula mõisa-öko spaa ja ESPA International'i vahel.

Frantsiisi defineeritakse kui ärikokkulepet, kus ärikontseptsiooni arendaja ja omanik ehk frantsiisiandja annab frantsiisivõtjale litsentseeritud õiguse kasutada ärikontseptsiooni ja sellega seonduvat kaubamärki, pakkudes lisaks oskusteabele pidevat kaadri väljaõpet, tegevuskriteeriume, töötajate ametijuhendeid, hankijate võrku, disainerite poolt kujundatud logosid, turu-uuringuid, reklaamiklippe jne. (Wright & Frazer 2007).

Avatud ja läbipaistev kommunikatsioon frantsiisisuhtes on äärmiselt oluline, kuna see hõlbustab õppeprotsesse frantsiisiandja ja frantsiisivõtja vahel, aitab frantsiisivõtjat teenuste organiseerimisel, väljaõppel ja majandamisel, ning aitab vältida frantsiisiandja ja frantsiisivõtja vahelisi konflikte (Altinay et al. 2013). Kui kommunikatsioonisüsteem on frantsiisiandja poolt puududlikult üles ehitatud või täide viidud, ei ole põhjust oodata ka toimivat frantsiisisüsteemi (Letwin 2011). Frantsiisivõtjad on frantsiisitava brändi saadikud, kuna frantsiisivõtja teeb äri frantsiisiandja nime ja kaubamärgi all järgides tema poolt ettekirjutatud juhiseid ja tehnoloogiat ja tagades frantsiisiandja maine ja intellektuaalse omandi säilimise. Frantsiis on siis edukas, kui mõlemad osapooled on koostööks avatud ja usaldavad teineteist (Nyadzayo et. al., 2011).

Teenuse brändimine on oma olemuselt lubadus kliendile teda tulevikus ees ootava teenuse kogemusest kindla ettevõtte või teenuse pakkuja puhul (Leonard & Kent 2007). Turisminduses, kus teenus sünnib teenuse pakkuja ja kliendi koostööl, on töötajal väga oluline roll kliendi arvamuse kujunemisel brändi kohta (Xionga et.al., 2013). See on eriti tõsi spaasektori puhul, sest spaateenindajad ja kliendid on omavahel väga tihedas kontaktis. Spaa töötajate tegevuse tulemusena kujuneb kliendile spaabrändi tajutud kvaliteet ning tekivad assotsiatsioonid, millega brändi seostatakse. Oskusliku brändi juhtimise läbi frantsiisiandja poolt on võimalik kujundada sisemise sihtrühma, ehk

töötajate ja sellest lähtuvalt ka välise tarbijaskonna ehk klientide hoiakuid brändi suhtes (Letwin 2011).

Kommunikatsioon, ehk omavaheline suhtlus ja sõnumite vahetamine, mängib frantsiisiettevõtte sisemise bärndimise puhul väga olulist rolli, kuna selle kaudu jõuavad brändi olemus ja identiteet töötajani (Borca & Baesu 2014). Tõhusa ja efektiivse sisemine kommunikatsiooni loomine ei ole sugugi lihtne protsess (Borca & Baesu 2014). Seda eriti olukorras, kus frantsiisiportfelli kuulub üle 350 spaa erinevates riikides üle kogu maailma. Infovahetus peab olema sujuv ja toimiv nendes kõikides frantsiisivõtjates.

Kahjuks tuleb tihtilugu ette olukordi, et frantsiisiandjad petavad ennast teadmisega, et nende poolt loodud suhtlemismudel frantsiisivõtjaga on edukas (IFA Franchise Relations Committee, 2014). Vältimaks ebameeldivat üllatust, kui ühtäkki selgub, et frantsiisivõtjaga suhtlemiseks kasutatavad meetodid ei toimi, tuleb nende meetodite efektiivsust pidevalt kontrollida ja vajadusel viia sisse uuendused. Sisemise kommunikatsiooni efektiivsust hinnates ja mõõtes, peaks rõhuasetus olema töötaja keskne, mitte lähtuma ainult juhtide perspektiivist (Ruck & Welch 2012). Spaa töötajad on just need need, kelle kaudu jõuavad brändi sõnum ja väärtused ka klientideni.

Käesoleva magistritöö probleem on sõnastatud küsimusena: Kuidas frantsiisiandja tagab efektiivse sisemise kommunikatsiooni frantsiisisuhtes?

Töö eesmärgiks on analüüsida frantsiisilepingu sõlminud frantsiisiandja ja frantsiisivõtja vahelise sisemise kommunikatsiooni efektiivsust, töötada välja sisemise kommunikatsiooni struktuurimudel ja tuua välja soovitusel kuidas muuta sisemine kommunikatsiooni frantsiisiettevõtete vahel veelgi tulemuslikumaks.

Eesmärgi saavutamiseks analüüsiti teoreetilisi seisukohti, viidi läbi 7 süvaintervjuud Vihula mõisa öko-spaa töötajatega, 1 intervjuu Kämp Spa Helsinki spaa juhiabiga ja 1 intervjuu ESPA International esindajaga. Kvalitatiivset lähenemist kasutades oli analüüsi meetodiks sisuanalüüs. Selle tegemisel saadud vastused kodeeriti, ning artiklis, mille autoriteks on Ruch ja Welch (2012), välja toodud olulisemate aspektide põhjal liigendati need vastused eraldi kategooritasse: töötaja samastumine brändiga, töötaja

rahulolu oma rolliga spaaettevõttes, spaa teenindaja koolitus ja areng, frantsiisiandja ja frantsiisivõtja vaheline suhtlus ja kommunikatsioon, frantsiisiettevõtete vahelise suhtluse käigus esinevad probleemid. Analüüsi põhjal saadud tulemustest lähtuvalt koostati spaa frantsiisiettevõtete vahelise sisemise kommunikatsiooni struktuurimudel ja anti soovitused, milliseid vahendeid veel lisaks kasutada, et muuta sisemist kommunikatsiooni veelgi efektiivsemaks

Uurimustöö olulisemad järeldused ja soovitused:

- Frantsiisivõtja töötajad on teadlikud frantsiisiandja brändi põhiväärtustest ja mõistavad oma rolli nende väärtuste edasikandmisel klientidele.
- Ilmnesid puudujäägid Vihula Mõisa juhtkonna tegevuses, kuna spaa töötajad ei mõista tagamaid, miks otsustati ESPA spaa brändiga liituda.
- Vihula Mõisa öko-spaa töötajad on oma töökohaga rahul, seda tõendab ka fakt, et enamus neist on selles ettevõttes töötanud üle kahe aasta. See rahulolu tuleneb pigem klientidele kvaliteetsete näo-ja kehahoolituste pakkumisest, ega sõltu niivõrd brändist, millega parasjagu hoolitsusi teostatakse.
- Töötajate koolitamine on võttesõnaks, et tagada frantsiisivõtja töötajate enesekindlus ja teadlikus frantsiisiandja toodete ja teenuste pakkumisel klientidele. ESPA poolt pakutud koolitus oli väga intensiivne, intiimne ja edukas, läbides kõik olulised aspektid ESPA spaa brändi edukaks toimimiseks Vihula Mõisa öko-spaas: brändi toodete ja teenuste põhjalik tutvustamine, brändi teenindustandardite juurutamine, müügitegevuse edukas täideviimine, konsultatsioonilehtede ehk anamneesi täitmine, tegevuskavade täitmine, turundusplaanide koostamine ja finantseesmärkide saavutamine.
- Frantsiisiandja ja frantsiisivõtja vaheline suhtlus on liiga ühekülgne, töötajate käest ei küsita piisavalt tagasisidet frantsiisisuhtes toimuva kohta. Soovitus selle olukorra parandamiseks oleks, et spaa juht palub töötajatel täita tagasiside lehed, mis saavad tema poolt ESPA esindajale edastatud.
- Töö autor töötas välja sisemise kommunikatsiooni struktuuri põhinedes analüüsi käigus ilmnunud tulemustele. Struktuuri keskmes on spaa juht, kes on peamiseks informatsiooni vahendajaks frantsiisiandja esindaja ja frantsiisivõtja töötajate vahel. Töötajad saavad olulist infot frantsiisiandja brändi kohta ka veel brändi

kodulehelt, brändi iganädalalsest infokirjast ning oma kaastöötajatelt. Lisaks on spaajuht puhver ka Vihula Mõisa juhtkonna ja spaa töötajate vahel. Frantsiisiandja suhtleb lisaks keskastmejuhile ka Vihula Mõisa tippjuhtkonnaga.

- Lisaks olemasolevale toimivale kommunikatsiooni struktuurile võiks ESPA International kasutada ka Intranetti ehk frantsiisiandja ja frantsiisivõtjate vahelist sisevõrku. Selle abil saaksid frantsiisiga liitunud spaad suhelda nii oma frantsiisiandjaga kui ka teiste frantsiisivõtjatega. Igakuise regionaalse uudiskirja väljaandmine suurendab frantsiisivõtjate ühtekuuluvustunnet ja hoiab neid kursis lähipiirkonnas toimuvaga. Samuti võiks ESPA International korraldada rahvusvahelisi konverentse, kus frantsiisivõtjad saaksid ka reaalselt üksteisega kohtuda.
- Vihula mõisa öko-spaa töötajatele valmistas mõningaid raskusi aktiivse müügi protsessiga harjumine, mis on ESPA spaa brändi juures väga oluline osa. Tänu ESPA läbimõeldud müügistrateegiale, põhjalikule koolitusele ja toodetele mis klientidele väga meeldivad, on töötajad enda jaoks leidnud sobilikud meetodid ja vahendid, kuidas püstitatud müügieesmärgid täita.
- Anamneesi ehk terviseankeedi täitmine ei ole omane nii Vihula Mõisa öko-spaa töötajatele, kui ka spaa klientidele. Selle juurutamisega on spaajuht näinud suurt vaeva ja kahjuks pole see tal veel täielikult õnnetunud. Spaatöötajad ega ka kliendid ei näe põhjust, miks on vaja tervislikud iseärasused kirjalikult ülesse märkida, nende jaoks piisab ka vaid suuliselt konsultatsioonist. Teadlikkuse tõstmine saab toimuda vaid järk-järgult ja seda juba kõrgemalt tasandilt kui üks spaa. Töö autor pakub välja, et Eesti Spaa Liit võisk korraldada teavitus kampaania mille keskmes on terviseankeedi täitmise olulisus spaateenuste tarbimisel.

Magistritöö tulemused aitavad mõista olulisemaid aspekte, mida tuleb rahvusvahelise spaafrantsiisiga liitumisel silmas pidada. Antud töö tõstab spaafrantsiisiga liituda soovijate teadlikust erinevate situatsioonide ja probleemide osas mis võivad frantsiisihütes ilmned. Koheselt välja pakutud lahendused aitavad potentsiaalsed murekohti vältida, et frantsiisiandja ja frantsiisivõtja vaheline suhtlus oleks võimalikult produktiivne mõlemale osapoolele.

Kuna uuring viidi läbi ühe spaa frantsiisi näitel, on tulemustel ka omad piirangud, kuid erinevad spaafrantsiisi ettevõtted saavad kasutada uuringu jaoks koostatud küsimusi, et välja selgitada kas nende poolt rakendatavad kommunikatsioonimeetodid on piisavalt efektiivsed, et peamine sõnum jõuab frantsiisivõtja töötajateni. Töös välja toodud suhtlusvahendeid saavad frantsiisi pakkuvad ettevõtted kasutada suhtluse produktiivsemaks muutmisel.

Magistritöö tulemustest lähtuvalt võiks edasiseks uurimisteemaks olla Vihula Mõisa sisene kommunikatsioon, kuna antud töö tulemustes ei paljastunud ühtegi olulist konflikti frantsiisiandja ja frantsiisivõtja vahel, mis annab alust järeldada, et omavaheline suhtlus frantsiisisuhtes toimib edukalt. Küll aga ilmnese mõningased ebakõlad Vihula Mõisa öko-spaa töötajate ja juhtkonna vahelises suhtluses. Sellest tulenevalt oleks tuleviku perspektiivi silmas pidades mõistlik uurida Vihula Mõisa sisest kommunikatsiooni, jättes frantsiisiandja mängust välja, kuna antud Magistritöö keskenub frantsiisiandja ja frantsiisivõtja vahelistele suhetele.

Rahvusvahelise spaafrantsiisi seisukohast üldisemalt võiks tuleviku uurimussuund keskenduda klientidele, uurides erinevates riikides sama frantsiisi spaasid külastavate klientide soove ja eelistusi. Oleks huvitav teada, kuidas tajuvad Eestis, Venemaal ja Singapuris ESPA spaa frantsiisi külastavad kliendid selle brändi olemust.

Käesolev magistritöö koosneb kahest peatükist, kahest tabelist, ühest autori koostatud joonisest ja kahest lisast. Töö kirjutamisel on kasutatud 83 allikmaterjali.

Magistritöö autor soovib tänada kõiki intervjuueeritud Vihula Mõisa öko-spaa töötajaid, kes ei pidanud paljaks tiheda töögraafiku juures antud uuringus osaleda. Samuti rahvusvahelisi vastajaid, kelle vastused lisasid tööle juurde olulist lisaväärtust.

Non-exclusive licence to reproduce thesis and make thesis public

I, TRIIN VEIDEMAN

(author's name)

1. herewith grant the University of Tartu a free permit (non-exclusive licence) to:

1.1. reproduce, for the purpose of preservation and making available to the public, including for addition to the DSpace digital archives until expiry of the term of validity of the copyright, and

1.2. make available to the public via the web environment of the University of Tartu, including via the DSpace digital archives until expiry of the term of validity of the copyright,

INTERNAL COMMUNICATION IN A SPA FRANCHISING RELATIONSHIP: THE CASE OF ESPA
INTERNATIONAL_____

(title of thesis)

supervised by HELI TOOMAN_____

(supervisor's name)

2. I am aware of the fact that the author retains these rights.

3. I certify that granting the non-exclusive licence does not infringe the intellectual property rights or rights arising from the Personal Data Protection Act.

Pärnu, **22.05.2014**